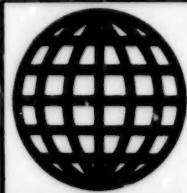


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NPC Multi-Candidate Elections

40050255b Beijing JINGJI RIBAO in Chinese
7 Apr 88 p 1

[Article by Feng Bing [7458 1629]: "Consultation and Election"]

[Text] The Seventh NPC in its first session has adopted the election law and provided fairly detailed stipulations and explanations on the democratic consultation of the delegations, and on the one-position one-candidate system and that of multi-candidate elections.

As to the method of voting, some overseas journals have commented: "This method of voting is a great improvement." This is only a fact. Everything from the multi-candidate elections for NPC Standing Committee members to the establishment of "secret balloting" was intended to protect the voters from psychological harassments. It was also the result of a great effort to improve the method of voting. However, as some journals pointed out, "No voting method can be perfect." For the same reason, people's views on this question cannot be identical. That was why in adopting the election law, there were dissenting votes and abstentions. This is only normal; but it is even more normal for a motion to be adopted on an overwhelming majority vote. This is the outcome of democratic centralism in practice.

During the discussions, we may hear some opinion like this: There is nothing wrong with this method. But can the voting be conducted more openly? For example, can there be less democratic consultations and more "multi-candidate elections"? There is nothing wrong with the motive behind this opinion. "Multi-candidate elections" as a method of election may grow in popularity in the future, but it would also be wrong to separate consultation from election or to set them against each other. Consultation is an effective means, and even the primary means under certain conditions, to develop democracy. For example, we rely mainly on consultation when people from different political parties and social strata deliberate on state affairs in the CPPCC. In the meeting of people's deputies, who come from different localities, fronts, social strata, nationalities, and large jurisdictions they should similarly rely on consultation in determining the choice of candidates.

The idea of less consultation and more "multi-candidate elections" is also subject to temporal and spatial constraints. Even Deputy Huang Shunxing [7806 7311 5281], well known for his forthright presentation of personal views, said: "I believe it would be difficult to practice 'multi-candidate elections' (comprehensively) in such a large country and with so many deputies. We must build democracy step by step instead of rushing to the extreme." We have suffered enough in rushing to the extreme, and paid a heavy price for the "extensive democracy" during the "cultural revolution." Let us pause and think: When the habit and ideology of democracy have not been fully cultivated and the democratic

quality of all the people needs to be further developed, what will happen if "multi-candidate elections" with a great number of candidates are popularized before conditions are ripe? If it will develop further into "universal suffrage" or even "electioneering," can our society in its present politic, economic, and cultural psychology bear it all of a sudden?

We must be realistic when we talk about democracy. In achieving a high degree of socialist democracy, we must never for a moment forget to proceed from realities and our national conditions. We must be realistic before there can be any scientific democracy and democratic program. On this point, we can neither reject the idea of learning from the democratic forms of foreign countries nor copying from any of them indiscriminately. Even though we may succeed in copying, it may not as a rule serve our purpose completely. A comrade who has spent a few years in the United States recently talked about elections in foreign countries. Elections there are very time-consuming, and the direct expenses in each election can run into hundreds of millions of dollars. Can this form of election be "imported" at a low price?

These remarks are thought provoking. If we consider once again the need for social stability and a stable economic environment for our economic reform, we will realize how we should cherish this "great improvement." Again, if we want to develop this "improvement" in a gradual and orderly way, we can never succeed by relying on our fervent hopes alone.

9411

NPC Delegates Discuss Rectification of Corrupt Practices

40050270b Shanghai WEN HUI BAO in Chinese
5 Apr 88 p 1

[By correspondents Zhu Guoqiu [2616 0948 4428] and Wang Jienan [3769 2212 0589]: "In the Matter of Rectifying Corrupt Practices an Emphatic Plea by Delegates to the NPC and Members of the CPPCC Not Merely To Say We Won't Do It"]

[Text] Beijing, 4 April—The unhealthy tendency in the general mood of society is one of the issues most talked about among the masses and most bitterly resented by all persons of intelligence. Delegates to the present NPC and members of the present CPPCC have cited numerous facts which reveal that a small number of party members and state cadres misuse their powers for private gain and corrupt practices, even to commit serious economic crimes. In the performance of their duties, they act most irresponsibly, show serious bureaucratism, use public office for private gain, misuse their powers for private enrichment, and exercise an extremely pernicious influence. Many congress delegates and conference

members emphatically demanded that cadres who violate party discipline or state law should be punished according to law, as otherwise the confidence of the masses would vanish.

"The morale of the people follows the style of the party, those in the lower echelon follow those in the higher echelon." The key to any rectification of corrupt practices is first of all straightening out the style of the party. Conference member Zhu Dixin [2612 3321] asked, why is it not possible to stop corrupt practices? The most serious problem is laxity in party discipline and in the observance of law, and also the leniency in the execution of law. Officials in low positions are easily dealt with, but nothing can be done with those who enjoy strong backing. Conference member Shen Zui [3038 6816] believes that many violations perpetrated by party members and cadres are not violations of party discipline but of state law, and that the people are very dissatisfied with the fact that violations of the law are merely punished by disciplinary penalties of the party. Conference member Liu Mingjiu [0491 7686 0046] said that the masses say that we are now only swatting flies, not daring to fight the tigers, not even daring to swat the flies that sit on the tiger's behind. I was handling one case, but as soon as I started on the case, his "backing" came to the fore and asserted that the comrade in question had after all made contribution to the party! And then they would come down on you with greater severity than you showed when handling the case, would scold you and curse you. In an issue of so serious a nature, if you would not handle it impartially, would that satisfy the masses?

In order to rectify the style of the party and the mood of the society, in addition to adopting more efficient measures, it is also necessary to establish a system of supervision by all the people, to strengthen the supervision by public opinion, from lowest level to the very top. That was the powerful plea by many delegates and conference members during the discussion. Conference member Meng Juru [1322 7263 1172] said that when acting premier Li Peng touched in his report on the need to punish severely all violators of discipline and law, there was the most enthusiastic applause, which shows clearly what the trend of popular sentiment is. With respect to exposing those who violate law and discipline, the news media should play a greater role. Zheng Shu [6774 2885], Chen Dengke [7115 4098 4430] and other delegates said that the masses entertain high hopes for the reform, but there is that "obstructive constipation" in the middle of it all. If some people misuse power for personal gain, engage in malpractices for selfish ends, and in other corrupt practices, if this "social evil" is not eliminated, the reform will not succeed. Conference member Zhu Dixin said if the masses are to supervise violations of law and discipline, there have to be regular channels, such as: first, people's delegates must fully publicize their opinions; second, members of the CPPCC must truly reflect the voice of the masses; third, newspapers and public opinion must help the government overcome the dark side of things.

During the interviews, we felt the delegates and conference members reacted strongly, and expressed distress, regarding the bureaucratism of the leadership in charge, and regarding the string of large accidents that had caused many casualties of dead and wounded. According to the analysis of the All-China Federation of Trade Unions, showing 204 accidents in 12 trades, the coal mining industry, metallurgy industry, construction industry, the railway industry, and other industries, there had been as many as 201 accidents, i.e., 98.5 percent, that could have been avoided and for which someone bears responsibility. Conference member Li Rongguang [2621 1369 0342] said the cause of repeatedly occurring large and grievous accidents since the beginning of this year was that the leadership in some departments in charge turned a blind eye to the unsafe conditions in their enterprises and did not take any precautionary measures. Conference member Ma Pinfang [7456 0756 5364] said in case of an uninterrupted string of serious accidents it is not sufficient to just allow the department head to resign, but strict action should definitely be taken against anyone directly responsible.

How to rectify corrupt practices? This was one of the questions to which the delegates and conference members gave careful consideration. Three measures that conference member Qian Jiaju [0578 1367 7467] proposed were unanimously endorsed by all delegates and conference members at the meeting, but they made an important addition, namely one must not merely say we won't do it.

9808

Legality of Party Recommending State Personnel Questioned

40050255a Beijing JINGJI RIBAO in Chinese
7 Apr 88 p 1

[Article by Zhang Shuhong [1728 2562 4767]: "How To View CPC Central Committee's Recommendations for State Leader Candidates"]

[Text] The list of candidates recommended by the CPC Central Committee for leaders in various state organs has been adopted at the fourth meeting of the Presidium in the First Session of the Seventh NPC. After the Presidium's nomination, the choice of leaders has been referred to the delegations for deliberation since 5 April.

"Since state leaders are supposed to be elected by the NPC, why is it necessary for the CPC Central Committee to supply a list of candidates? Is this legal?" Some one has raised this question.

We have interviewed several NPC deputies with this question in mind. One of them, who has been a member of the Constitution Revision Committee and a member of the Law Committee of the Sixth NPC, believed that it is by no means against the law for the CPC Central

Committee to recommend candidates to the NPC Presidium. While state leader candidates are to be nominated by the Presidium as clearly stipulated in the "Organic Law for NPC," this law does not specifically stipulate that the presidium should draft the list of candidates itself. Since the presidium is not a permanent organ, it cannot possibly prepare the list in advance. Only the CPC, as the ruling party, can prepare it in consultation with various democratic parties and groups. This is a useful and necessary means.

Another deputy, who had not been engaged in judicial work, added: "Although the recommendation of candidates to the presidium by the CPC Central Committee is not specified in the Organic Law for NPC, it is by no means impossible to find a legal basis for such recommendation." He remembered that when the Organic Law for NPC was under discussion during the Fifth Session of the Fifth NPC, Xi Zhongxun [5045 0112 0534], then vice president, gave his "Explanation on the Draft of the Four Laws," and particularly mentioned the question of nomination in these words: "For many years, when the NPC elected state leaders, the candidates were generally recommended by the CPC Central Committee and the democratic parties in advance, and then nominated by the presidium after discussions.... The Draft has affirmed this successful method." Since there was no disagreement on this point in the Fifth Session of the Fifth NPC, the Organic Law for NPC was finally adopted. Therefore, the customary method of recommendation of candidates by the CPC Central Committee was actually affirmed.

"Is it undemocratic for the CPC Central Committee to recommend candidates?" Chen Shunli [7115 5293 4409], deputy of Shaanxi Provincial People's Congress did not agree.

He is the Central Committee Vice Chairman of China Association for Promoting Democracy and Director of the Executive Bureau. He has also participated in the consultations and discussions on the recommendation of candidates by the CPC Central Committee. He said: We stress consultation under our present democratic system. The process of recommendation of candidates by the CPC Central Committee is actually a process of repeated consultations of democratic parties. The list of candidates is not worked out after a single consultation. The consultations began well in advance and were repeated many times. There was a fairly large consultation meeting on the eve of the Second Plenary Session of the CPC Central Committee, and to let everyone express his views, group discussions were specially organized. The views of many noncommunist parties members were subsequently taken into account in the draft resolution. As a result of pooled ideas and repeated consultations, the list of recommended candidates was prepared in a more efficient and appropriate manner.

Chen Shunli believed that the recommendation of candidates this time fully embodies the system of multiparty cooperation and consultation under CPC leadership.

The situation now is better than before the 13th CPC Congress, because it shows the further development of close cooperation and consultation among different parties.

"Will the CPC Central Committee's recommendation of candidates restrict the democratic rights of the party member deputies?" The deputies had different answers to this question. Lu Wenxiong [7120 2429 7160], vice principal of Taiyuan Industrial College and a CPC member serving as an NPC deputy, said: On major personnel issues, a deputy, who is also a CPC member, should be in agreement with the Central Committee. On minor issues, however, he can air his views as an individual. The party makes its decision on the premise that no law is violated; its decision conforms to the will of the people, and carrying out this decision will not interfere with our action in exercising our rights or performing our duties as the people's deputies. Another deputy held that a party member must take the party's side and protect its interests while representing the people's will at the same time. The party should convince its members of the need to support party decisions, but not with coercive means. Voting should be carried out independently. Guo Budian [6753 2975 3013], a deputy from Shanxi, said: I am not a party member, but I believe that it is reasonable and legal for the CPC, to have its decisions adopted by the NPC through the role and influence of its members.

Thus some seemingly insignificant questions were raised for discussion. Although the conclusions reached may not be unexpected, this free airing of views aptly demonstrated the gradual growth of our democratic system.

9411

NPC Expands Role of Social Consultation

40050240 Beijing LIAOWANG /OUTLOOK/ in Chinese
18 Apr 88 p 18-19

[Article by Chi Dao [6688 6670] and Ji Ning [4764 1337]; "What Is 'New' About Social Consultation?"]

[Text] The 13th CPC Congress listed the establishment of a social consultation system as one of the seven items in its political reform plans and Party General Secretary Zhao Ziyang also pointed out in his report to the 2d Plenum of the 13th CPC Central Committee that the establishment of a social consultation system is one of six major present and future tasks. It is certainly of profound significance that the Central Committee has put social consultation in such an important position. Deng Xiaoping has praised social consultation as being a very new idea. In which case, what is really "new" about it?

Social Consultation Acknowledges the Diversification of Social Interests

The idea of social consultation was proposed within the general setting of China's continuing intensification of economic reform and initial development of political reform. The main objective in setting up this system is not to resolve issues of general work style or method, but rather to find a correct way to handle interest relationships and social contradictions in the initial stage of socialism.

Since China changed course from an exclusively planned economy to a planned commodity economy, its unitary systems of ownership and distribution have tended to develop into diversified forms. On one hand, interest groups of all kinds have started to take shape and, on the other, many different kinds of social contradictions have arisen. In this period of transition from the old system to the new, the more reform is developed in depth, the more fully these social contradictions are revealed. Thus, the establishment of a social consultation system has provided a significant way to correctly handle and harmonize diverse social interests and contradictions.

Social Consultation Is an Outgrowth of the "Unite—Criticize—Unite" Formula

From another perspective, social consultation is an important way to correctly resolve diverse social interests and contradictions. This is because after a social interest group has formed, it will fight for and protect its interests in all ways. Moreover, the ruling party and government cannot act as a direct spokesman for this immense variety of social interest groups, nor can one interest group represent the particular interests of another. Thus, only the establishment of a social consultation system will enable all interest groups to fully voice their claims and facilitate acceptance of party and government decisions by the broad masses of the people. Moreover, it will form a self-regulation and restraint mechanism and maintain stability and unity throughout society. From this perspective, a social consultation system can also be called a "political strategy" for democratic government.

The PRC has always used the "unite—criticize—unite" formula to resolve contradictions among the people with remarkable success. Since there are now new contradictions among the people, it can be said that using a social consultation system established on the basis of equality to resolve diverse social interests and contradictions is an outgrowth of the "unite—criticize—unite" formula.

Social Organizations Will Have Independence and Initiative in Social Consultation

Social consultation will be conducted in many areas but will be mainly consultation among the various sectors of society on the major issues in national political life. For instance, the government will consult with social organizations such as labor unions prior to formulating a wage system for workers. If a consensus of opinion cannot be

reached, the government should not make an arbitrary decision. If it does, the labor union will lodge a protest on behalf of the workers and ask the government to revise or revoke its decision. Similarly, when formulating basic policies that involve the interests of young people and women, the government should also consult with youth and women's organizations. In other words, along with the growth of democratic politics in China, social organizations, such as the CPPCC, the democratic parties, the labor unions, the Women's Federation, and the CYL, will have an increasingly significant position and play an increasingly greater role in social consultation. They will become the major representatives of the people from all sectors in consulting with the party and government. This is an inexorable trend.

Due to aspects such as the type of political system, many social organizations actually became part of party and government organizations in the past and their roles as mass organizations were certainly not fully utilized. Thus, when proposing the establishment of a social consultation system, the Report of the 13th CPC Congress also pointed out the corresponding duty of social organizations to reform themselves. Since social interests are tending towards diversification, social organizations should become the representatives of the particular interests of all interest groups. Thus, through reforming the system of no distinction being made among the party, government, and mass organizations, it will be necessary to gradually set up an autonomous system for social organizations, separate the party and government from the mass organizations, and effectively eliminate the "official" nature and administrative tendencies of social organizations, enabling them to maintain their independence and initiative and truly win the support and confidence of the people.

Open Political Affairs Is a Prerequisite for Social Consultation

In both his report to the 13th CPC Congress and his speech at the 2d Plenum of the 13th Central Committee, Zhao Ziyang pointed out the need to regard more openness in party and government affairs as a principle of and prerequisite for the establishment of a social consultation system. Social consultation is certainly out of the question in a closed political system. In the past, the political life of the state was often cloaked in mystery. The people were unable to genuinely participate in the running of national and social affairs because they did not understand important party and state affairs. The most important task in building a democratic political system in China is opening political activities to the public. China has taken encouraging steps in this direction since the 13th CPC Congress. The major activities of the Central Committee Politburo and the State Council as well as significant national affairs have begun to be promptly publicized throughout China, and party committees and government organs at all levels have also begun to pay attention to reporting their affairs to the parties concerned. The First Session of the Seventh NPC

and the First Session of the Seventh CPPCC were somewhat more open politically. Thus, only through understanding important party and state affairs have the people been able to consult with leading organs on certain significant issues.

Significant issues must be discussed by the people. This is the major way to develop social consultation. In order to accomplish this, the state will have to clarify how the people will be allowed to discuss which significant issues. For instance, on policy issues that involve the vital interests of the people, it will be necessary to consult with those people whose interests are involved; important matters involving regional development can be decided by ballot by the people of the region; national discussions can be held when necessary on significant national issues. In other words, the people must have more say in the running of the state and the majority of the people must be able to truly participate in socialist political affairs.

The use of news media and discussions are important means of social consultation. Political affairs must be opened to the people, the activities of leading party and government organs must be put under the open supervision of the people, and the people must be allowed to express their political views and criticize the shortcomings and mistakes of leading organs through the news media and discussions. Moreover, through setting up a system of news spokesmen, leading party and state organs should promptly inform the people about important matters through the news media and discussions.

If social consultation can really spur China to further open its political affairs, it will be able to have a significant effect on the political life of the state. On the other hand, if political openness is not regarded as its prerequisite, social consultation will not be able to make substantial progress.

China's social consultation is still just beginning and quite a lot of hard work still needs to be done to institutionalize and make it a regular practice.

12267

Democracy as Key to Reform

Rule by Law

40050235a Shanghai SHIJIÉ JINGJI DAOBAO
[WORLD ECONOMIC HERALD] in Chinese
25 Apr 88 p 13

[Article by Zhang Weiguo [1728 0251 0948], edited by Xu Yishui [6079 2496 3055]: "The Success of Reform Depends on Arousing the Consciousness of the People That They Are the Masters; Zhang Zonghou [1728 1350 0624], a Young Lawyer, Discusses Rule by Law"]

[Text] First, I would like to give a short explanation of recent rumors that have arisen about me. My newspaper has certainly not been criticized because of my academic

studies. As long ago as the 1st half of 1987, the judicial department in charge of the Shanghai WORLD ECONOMIC HERALD had reviewed my theoretical studies and felt that they were unrelated to the "liberalization" movement.

I think that democratic and legal system reform must resolve the following three issues: 1) How to correctly handle rule by law; 2) to recognize the common root of the following two disasters, the Soviet Union's great purges of the 1930's and China's cultural revolution; 3) to affirm the concept that the people are the masters of rule by law.

Only by Correctly Understanding Rule by Law Can a Society of True Rule by Law Be Built

A key issue of democratic politics is who will rule by law. If the party rules by law, the stipulation in the Constitution of the PRC that "the party must act according to the Constitution and the law" shows that the party is not above the law. If the state (government) rules by law, it is illogical to say that the state (government) rules the state by law. In addition, so-called rule by law implies that the entire citizenry, having the rights to participate in and discuss government and political affairs, rules the state by law. The power to control society is conferred on the state (government) on this basis alone. The current emphasis in certain Eastern European countries on "changing from people being controlled to people being in control" reflects this historical state of affairs. The Constitution of the PRC stipulates that "all power belongs to the people." There is certainly no contradiction between the people holding the political power in the state and citizens having legal rights and duties. However, in a society of rule by law, it is necessary to bring politics into the orbit of legality instead of "substituting politics for law."

The Single Cause of the Two Disasters Should Be Thoroughly Recognized and a Theoretical Basis for Rule by Law Should Be Established

The international communist movement has undergone two earthshaking disasters, the Soviet Union's great purges of the 1930's and China's "cultural revolution" in the late 1960's. Statistics show that in the Soviet Union's great purges of 1937 to 1938, 70 percent of Central Committee members and alternate members and 56 percent of delegates to the Party Congress were either arrested or shot. The Soviet Red Army lost 35,000 members in the disaster. These included almost one-half of all its officers, most of whom were sent to concentration camps. The CPSU (Bolshevik) had 3.5 million members in 1933, less than 2 million of whom were left by 1937. In these brutal purges, not even Stalin's close friends, such as Molotov and Sverdlov, or relatives (his older brother and daughter-in-law) were finally able to escape death.

China's "cultural revolution" not only wrecked party organization, destroyed many cadres, and disrupted education and S&T, but also pushed China's economy to the brink of collapse. The decade of turmoil caused economic losses of nearly 500 billion yuan which, added to the 120-billion-yuan losses caused by 1958's "great leap forward," amounted to a grand total of 620 billion yuan. This was almost as much as the increase in gross fixed assets of 640 billion yuan since the founding of the PRC (state-owned gross fixed assets from 1950 to 1983). In other words, these two losses were almost equal to the resources that China has accumulated in over 30 years.

These two disasters had a common root, i.e., they stressed class struggle instead of democratic legality. In the Soviet Union, "the more thorough the socialist revolution, the sharper the class struggle" and, in China, "class struggle was protracted wearisomely."

Establishing One Master and Eliminating the Three Standards Is the Only Way To Build a Society of Rule by Law

In order to build a socialist society of rule by law, I think that it will be necessary to acknowledge that the people are the masters of rule by law and eliminate the "state," "official," and "duty" standards. The so-called state standard refers to regarding the state as the holder of absolute power. According to the Marxist standpoint, after acquiring political power through revolution, the proletariat must guard against the state and state organs changing from society's servants into its masters. Marx saw the state as a public servant. But later, influenced by the theory of the "highly centralized socialist state," the idea of worship of the state actually evolved in our society. It has concealed much injustice and illegality by the state and state organs, such as the current arbitrary distribution to and covert collection from enterprises of exorbitant taxes and levies by some state organs. Still another example is the belief that civil rights are granted by the state.

In fact, people's civil rights are neither "natural rights" nor are they granted by the state. On the contrary, they are inevitable demands produced by the interests and needs of material production, such as the demand that a commodity economy produce equality among competitors. The state merely acts as a "medium" in recognizing or defining these demands through law. The rationality of its recognition or definition depends on the supervision of the people. By inference, the integrity, impartiality, and efficiency of the state and its government should all be supervised by the people.

The existence of the "official" and "duty" standards is related to and even a result of the "state" standard. If the state is regarded as supreme, the officials at all levels who execute its functions will also bask in its sacred aura. On one hand, some officials think that they are "responsible for the people" and lord it over them, thus reversing the

position of master and servant; on the other, the common people think that officials are the embodiment of the state and that opposing them would be the same as attacking the state. The separation of rights from the masters causes the people who are the rightful masters of society to know only how to obey and renders them unable to exercise their rights. The current serious bureaucracy and unhealthy tendencies among our officials and the sense of apathy among our citizens toward participating in government and political affairs is caused not only by economic and cultural factors and corruption in our personnel system, but also by ideological factors.

The only basic ways to resolve these issues are reform, opening, vigorous development of a commodity economy, and establishment of democratic politics. Commodities are inherently equal. The success of every major social change depends to a great extent on how much the consciousness of the masters of society is aroused and, correspondingly, on people's ability to think rationally. Thus, it depends on the unremitting efforts of its spokesmen.

Realizing Democracy

40050235b Shanghai SHIJIE JINGJI DAOBAO /WORLD ECONOMIC HERALD/ in Chinese
25 Apr 88 p 13

[Article by Zhang Shuyi [1728 2885 5030]: "Democracy's Forms of Realization Should Be Stressed"]

[Text] Political democratization is the key to political reform. Democracy is definitely not only a constitutional principle but, of still greater significance, it is an institution and a social condition. Transforming democracy from a constitutional principle into a social reality requires many intermediate forms, i.e., democracy's forms of realization. Without these forms, democracy can only be a principle on paper and not a social reality. The fuller and more perfect democracy's forms of realization, the more perfect democracy will be in real life and the stronger the people's sense of being the masters will become. A high level of democracy is the form of expression that fully perfected democracy will take.

The form of expression that democracy takes is a very important criterion in determining whether a country is democratic and the extent of its democracy. The Constitution of the PRC has long contained clear stipulations on the institution of democracy. But due to "leftist" disruptions, the PRC has never been able to truly realize democracy, our highly centralized economic and political systems have consigned the people to a subordinate status, and everything being under the jurisdiction of the administration has cut the people off from political power. Thus, our democratic theory and practice have been widely separated, the crux of the matter being that the necessary forms of democratic expression are missing.

Democracy has become an issue because the people have been cut off from the power. Experience has shown that it is even more a result of opposition to the historical phenomenon of autocracy. When the exercise of power is not subject to any restraint, autocracy inevitably results. Thus, democracy actually deals with the relationship between the people and the political power. In fact, its forms of expression have all developed around this issue.

The Jurisdiction of Political Power—Representation

The key link of political democratization is the jurisdiction of political power. The people are the principal power in a socialist society. Modern states elect representatives to hold the power. They exercise power as representatives of the people's will. Since the final decisionmaking power rests with the electorate, the representatives are merely spokesmen for them. Thus, this system is called representation. Actually, representation is the only form of expression that can realize a democratic jurisdiction of power.

Election and recall are the two key links of representation. Elections are held to enable people who truly represent the people's interests to get into the organs of power and the purpose of recall is to ensure that close links are maintained between the representatives and the voters. Representatives are people who are entrusted with power by the people. Thus, they must have the people's confidence and their power can be legally transferred only through public elections. The practices of officials thinking that they naturally represent the people or getting into organs of power without going through the necessary procedures are both expressions of unperfected democracy.

The recall of representatives originates in the separation of the people from the power. Voting representatives out of office is actually a transfer of power. In order to ensure that representatives not only have the people's confidence prior to their elections but also that they remain genuine spokesmen for the people's interests during their incumbencies, recall of representatives is an essential link to ensure that the representatives who hold the power keep the people's confidence. Thus, it is necessary to perfect a system of election and recall to ensure that voters participate more effectively in the election process both prior to elections and during incumbencies.

Exercise of Power—Separation of Power

Elections resolve only the issue of the jurisdiction of political power, but it does not and cannot take the place of the exercise of power. The jurisdiction of political power determines that the representative organs that are elected by the people are the country's highest organs of power. However, representative organs cannot directly organize and manage national affairs. This kind of democracy might be possible in a small country with few people or on a small scale, but the lessons of history have

repeatedly warned us that it is certainly impossible in contemporary societies and nations. Separation of power is the essential way to realize democratic politics.

In order to build state organs to exercise power, two requirements must be satisfied: 1) the principle of the jurisdiction of political power must not be violated and the representative organs elected by the people must be supreme; 2) all branches of state organs must be able to operate harmoniously and exercise power effectively. Separation of power is the ideal way to satisfy these requirements. Democratic countries generally use the form of separation of the legislative and executive branches, wherein administrative organs to manage national affairs are produced by representative organs. Administrative organs are subordinate to and their actions are under the supervision and control of representative organs.

It is worth pointing out that separation of power is certainly not division of sovereignty and that the ruling power is indivisible. Separation of power is the functional division of labor to exercise state power. Division of labor means division of power because all national management must delegate an appropriate amount of power. In addition, they are actually two different aspects of one matter, only being worded differently. Many of us have openly discussed division of labor in state organs while avoiding the issue of division of power and considering it generally unnecessary. The indivisibility of the ruling power certainly does not mean that the organs that exercise the ruling power are the only ones and cannot be separated. Even though many organs exercise the ruling power, the relations among them are coordinated and the national consensus of will can still be maintained. The way in which the national consensus of will is maintained is precisely the crux of the matter.

It may be said that the original proposal of the theory of separation of power still contains a flavor of division of the ruling power by the bourgeoisie and the feudal ruling class. But at the present point in history, separation of power is simply a technical rule of national management. As such, separation of power not only is a bourgeois achievement but, above all, is a cultural heritage created in the development of mankind, a way to eliminate the phenomenon of autocracy in human society, and a rational design for a way to exercise state power.

In fact, a certain amount of separation of power already exists in China's state organs. But since we do not acknowledge separation of power in theory, the actual existence of separation of power is not fully and perfectly expressed, with both the supremacy of representative organs and the subordinate status of administrative ones being very unclear. This has made it difficult for stable relations to evolve between the various state organs. Representative organs that are regarded as the highest legal organs of power are unable to effectively supervise and restrict administrative organs and find it hard to exercise their rights to question, supervise, and recall

administrative officials. Administrative organs are unable to define the duties that they are responsible for to representative organs. Thus, the way to achieve political democratization in the area of the exercise of power is to implement separation of power.

Restore Power—People Will Participate in Government and Political Affairs

Representation and separation of power are certainly not the final stage of democracy. The relationship between the people and the actual use of power is a direct indication of a country's level of democratization and also an issue in whether democracy can finally be realized. Since the people are really divorced from the exercise of power, political democratization must find a way for them to participate in government and political affairs.

The principal way in which the people can participate in government and political affairs will be through exercising their rights to know and to seek redress.

Exercising the right to know is a positive way to participate in government and political affairs. The people will have the right to know what the government proposes to do and, thus, be able to put forward their own views and suggestions or make relevant responses. This will require that government affairs be publicized and the people be allowed to discuss major economic and social issues and have a hand in the formulation of laws and regulations. This should be made a criterion for political democratization.

Exercising the right to seek redress is a negative way to participate in government and political affairs. When their interests are infringed upon by improper, incorrect, or illegal actions of state organs, people should receive suitable compensation or payment. In this way, it can be determined whether the actual activities of state organs are truly in line with the people's interests. The final goal of representation for the jurisdiction of political power, separation of power to exercise power, or even allowing the people to participate in government and political affairs is to ensure that the state truly represents the people's interests. This is the most essential and key issue of democracy. Moreover, whether the state truly represents the people's will is determined not by the thousands of times it shouts "serve the people," but rather by whether its particular measures truly work for and advance the people's interests. On the surface, the right to seek redress seems to be unrelated to the main theme of democracy but, in essence, it is certainly the most basic requirement and fundamental expression of democracy. If we regard the realization of democracy as a cycle, the right to seek redress completes this cycle. Thus, political democratization will attain a complete form of expression and the restoration of power will be realized.

Political democratization will be a very long process, especially for a country such as China in which the economy is still very undeveloped and too few democratic traditions and concepts are found in our history. However, the reform goal of establishing a highly democratic political system has been set. As long as we make conscientious efforts to stress democracy's forms of realization and ensure that the people feel a democratic social atmosphere at all times, it will be within both our sight and our reach.

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Yan Jiaqi's Criteria for Judging Truth

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10 May 88 p 3

[Article by Yan Jiaqi [0917 1367 0366]: "My Fourfold Faith in Science"]

[Text] The relationship between theory and practice is the same in the natural sciences as in the social sciences. As to scientists, they will never feel disheartened if theory cannot explain a new problem that has emerged in practice. In the scientist's view, this would not be a crisis of theory, but rather a new starting point for scientific development. Ten years ago I published a kind of "story of philosophical theory," in GUANGMING RIBAO, namely an article entitled "Religion, Reason, Practice." What I wanted to explain was that in the domain of thought, there must be no "Inquisition." "Words of the Bible" or any dogma must not be used as the criterion to test truth. In the area of thought, "practice" alone is the grand "tribunal." In front of this tribunal, every idea, theory, and doctrine must either affirm its *raison d'être*, or give up its right to exist. Now, practice is presenting us with a series of new problems, which are difficult to interpret and explain with all previous theories. This fact precisely presages great developments that social sciences in China can look forward to. It is the first aspect of my faith in science.

The second aspect of my faith in science is that all phenomena that emerge from practice, no matter how novel and how difficult to understand, are, as far as science is concerned, explainable. All unexplainable things can actually be explained, otherwise mankind would be unable to go on exploring. Our basic attitude in dealing with the world around us is that we, first of all, acknowledge that all phenomena, including unexplainable phenomena, are objectively extant. The mission of science is to get to know them and to discover their law-guided nature. It would be contrary to the spirit of science to abandon any effort at rational explanation when meeting up with new and difficult-to-explain phenomena, because that would mean abandoning some of the most valuable treasures which the natural world has bestowed on mankind, and would also mean giving up on human reason in its ability to explain the world around us.

The concept of science is a clear and distinct one, and truth is simple. This is the third aspect of my faith in science. Those mountains of concepts and ideas, which, from the scientific point of view, appear blurred and confused, frequently provide mankind with an apparently substantial but actually hollow satisfaction and intoxication. I have never believed that "theories," which are only apparently, but not actually true, and which are ambiguous, are products of science. As far as science is concerned, all "hazy" and "confused" phenomena in the world around us will still have to be described by means of scientific, clear, and distinct concepts. Science has always been the enemy of anything that is only apparently right but actually wrong, and also of ambiguities. It is only religion and metaphysics that intoxicate men. The Polish physicist (Yingfeierde) once said: "Efforts that give pleasure by replacing the intoxication from religion by rational explanations, are efforts that demonstrate the victory of reason. Mankind can be proud of them, while easily achieved metaphysical intoxications merely constitute a temporal fraud on mankind." As I see it, all scientific concepts are not casual creation of the intellect; they are all not that easily arrived at, but rather shaped in arduous human explorations.

My fourth belief in science is that before science there is no concrete problem that cannot be solved. Of course, selection of the target itself has to depend on science. All people who hold this faith in science will not put forward targets which are targets that for the time being and due to limitations in prevailing conditions, cannot yet be realized. As far as science is concerned, man can create conditions and change conditions to solve specific problems for which mankind needs to find a solution. Science is a source of mankind's optimism! Those who are at their wits' end and at a loss what to do when faced with difficulties are people who have no faith in science.

Development of science requires an excellent social atmosphere, an atmosphere of free exploration and free discussion. Ten years ago, the discussion of criteria for truth created an atmosphere of exploration without fear. However, this atmosphere was not maintained for long. It is a current problem that we still need to create an atmosphere in which people can fearlessly explore the truth. In an atmosphere of this nature, erroneous ideas will vanish as if blown away by the wind! People will be able to rely on science and on human wisdom to resolve all difficulties in actual life.

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Vice Minister on Three Gorges Study
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No 22, 30 May 88 /p 22-25

[By LIAOWANG reporter: "Lu Youmei Speaks About Progress in Feasibility Study on Three Gorges Project"]

[Text] Editor's note: The Three Gorges project on the Chang Jiang is thus far the biggest water control project in the world. The big scope, the huge investment, and the difficulties involved show that the project will have a great impact on our country and our nation. Therefore, we must adopt a prudent and scientific attitude in determining whether the project should be built or not and whether the project should be built immediately or in the future.

It is over 50 years now since feasibility studies on the Three Gorges project first started. For over half a century, many experts and scientists have made painstaking efforts in carrying out scientific researches and scientific demonstrations on the Three Gorges project. As a result, our understanding of the Three Gorges project has been strengthened.

In his report to the 13th CPC National Congress, Comrade Zhao Ziyang pointed out that "the basic principle for establishing a system of consultation and dialogue is to carry on the fine tradition of "from the masses, to the masses" and to make public the activities of the leading bodies, letting the people know about important events and discuss important issues." So, any major decisions concerning the Three Gorges project should be made public and should be made known to more people.

In order to achieve this goal, we interviewed Wang Gangchang, a well-known physicist, and Lu Youmei, a hydropower engineering expert and deputy head of the leading group in charge of the feasibility study on the Three Gorges project. Comrade Wang Gangchang once wrote a review of a book entitled "On Macroscopic Decisionmaking Concerning the Three Gorges Project." The book contains many views which suggest that the Three Gorges project should not be built or should not be built immediately. Comrade Lu Youmei is one of the leaders in charge of the work of scientific demonstration on the Three Gorges project and is therefore quite familiar with the progress of the scientific demonstrations on the Three Gorges project. Detailed reports on the two special interviews are now published by our magazine. The reports on the two interviews contain widely divergent views on the Three Gorges project which have been expressed by many experts. The book can be used as reference material by all those who are concerned about the progress of the scientific demonstrations on the Three Gorges project.

The question of whether or not it is necessary to build the Three Gorges project and whether it is necessary to build the Three Gorges project immediately or in the future in the course of the development of the Chang Jiang, which is the longest river in our country, has attracted the attention of people of all walks of life at

home and abroad. With this question in mind, our reporters interviewed Lu Youmei, deputy head of the leading group in charge of the feasibility study on the Three Gorges project and vice minister of energy resources, and asked him to talk about the situation concerning the feasibility study on the Three Gorges project and to answer some questions in this respect.

The Historical Background of the Three Gorges Project

During the interview, Lu Youmei first talked about the historical background of the Three Gorges project.

The idea of building a hydropower station in the Three Gorges was originally put forward by the great revolutionary forerunner Dr Sun Yat-sen. In his "Strategies and Plans for the Building of the Country," Dr Sun Yat-sen, for the first time, mentioned the grand Three Gorges project. After the victory of the war of resistance against Japan, the KMT government and the U.S. Government once made joint efforts in carrying out scientific explorations and a feasibility study on the Three Gorges project and put forward specific plans for the building of such a project.

Since the founding of the PRC, for over 30 years since the 1950's, the Chang Jiang Valley Planning Office has carried out comprehensive scientific explorations, planning, designing, and feasibility studies on the Chang Jiang Valley and on the Three Gorges project. At the same time, the question of whether it is necessary to build the Three Gorges project or not and the question of the exact height of the dam of the Three Gorges project have become the central topics for discussion in the Ministry of Water Resources and Electric Power and among people of all walks of life. In the 1950's, one favorable plan concerning the building of the Three Gorges project was to build a high dam with a normal water level of 200 meters (above sea level [hai ba gao cheng 3189 2149 7559 4453]) and an installed capacity of 2.5 million kilowatts.

In 1983, the former Ministry of Water Resources and Electric Power thought that according to the above-mentioned construction plan, the state would have to move a large number of people away from the areas where the project would be built. Therefore, after careful consideration, the Ministry of Water Resources and Electric Power put forward a feasibility study report on building a low dam with a height of 165 meters and a normal water level of 150 meters. Then, the State Planning Commission organized more than 200 experts to examine the feasibility study report. And after examining it, the experts agreed in principle to submit the feasibility study report to the State Council. As a result, the State Council approved the feasibility study report in principle in April 1984, but raised the height of the dam from 165 meters to 175 meters for the reason that a

higher-water-level dam can certainly hold more water during the flood seasons so as to better protect the areas in the middle and lower reaches of the Chang Jiang during the flood seasons.

In September 1984, the Chongqing City People's Government voiced its disagreement with the construction plan approved by the State Council. The Chongqing City's People's Government thought that according to the original plan of building a dam with a normal water level of 150 meters, the backwater could not reach Chongqing City and thus could not meet the needs of the development of the marine transport industry on the Chang Jiang. The Chongqing City's People's Government suggested raising the normal water level of the dam to 180 meters so that all 10,000-tonnage ships could enter Chongqing City.

Soon afterward, the State Council asked the State Planning Commission and the State Science and Technology Commission to hold further scientific demonstrations on the proposed normal water level of the dam. During this period, the question of the Three Gorges project caused wide concern across the country. Opinions on whether to build the Three Gorges project or not, whether to build the Three Gorges project immediately or not, whether to build a higher dam or a lower dam, and so on were put forward one after another. The authorities concerned also began carrying out scientific explorations on a series of questions concerning the Three Gorges project, such as the impact of the Three Gorges project on our national economic development, the impact of the Three Gorges project on the silt and ecological environment of the Chang Jiang, the impact of the Three Gorges project on the residents of the areas where the project would be built, who would have to be moved to other areas of the country, and other questions. Since then, there has been a lot of discussion on the Three Gorges project, and more detailed and more in-depth scientific research has been carried out on all the questions concerning the building of the Three Gorges project.

Central leaders have also given great attention to the Three Gorges project. In April 1986, headed by Comrade Zhao Ziyang and Comrade Li Peng, leaders and experts of the departments concerned carried out a number of spot investigations on the Chang Jiang. In June 1986, the CPC Central Committee and the State Council jointly issued the "Notice on Questions Concerning Scientific Demonstration on the Three Gorges project on the Chang Jiang," requiring the Ministry of Water Resources and Electric Power to reorganize scientific demonstrations on the Three Gorges project and pointing out that "the scientific demonstrations on the Three Gorges project on the Chang Jiang must be attended by experts with widely divergent views and technological democracy must be developed so that all questions concerning the building of the Three Gorges project on the Chang Jiang will be fully discussed..."

Lu Youmei said that later on, the spirit of the "Notice on Questions Concerning Scientific Demonstration on the Three Gorges project on the Chang Jiang" became the guiding ideology in the entire work of scientific demonstration on the Three Gorges project.

The Plan for Organizing Scientific Demonstrations on the Three Gorges Project on the Chang Jiang

It is quite true that the former Ministry of Water Resources and Electric Power was the department responsible for organizing the scientific demonstrations on the Three Gorges project. However, how to organize the scientific demonstrations on the Three Gorges project was no doubt a challenge to the former Ministry of Water Resources and Electric Power. Lu Youmei said that they had to make use of all the existing achievements of scientific research and should not stick to their own conclusions on the project. Therefore, after carrying out conscientious discussions, the leading party group of the Ministry of Water Resources and Electric Power formulated the following principle to govern the work of organizing scientific demonstrations on the Three Gorges project: To smash departmentalism, develop technological democracy, work hard, and make the greatest efforts to well carry out the scientific demonstrations on the project, formulate a new feasibility study report on a strictly scientific basis, and produce a new feasibility study report which can stand the test of history.

Lu Youmei said that the former Ministry of Water Resources and Electric Power made the following arrangements for the work of organizing the scientific demonstrations on the Three Gorges project.

1. The Ministry of Water Resources and Electric Power set up a leading group in charge of the work of scientific demonstrations on the Three Gorges project. The leading group consisted of the minister and vice minister of water resources and electric power, the general engineer and deputy general engineer concerned, and leaders of the relevant departments.
2. In order to accept the guidance and supervision of all sides, the leading group in charge of the work of scientific demonstrations on the Three Gorges project invited some 20 advisors from various departments under the State Council to work with it. All these advisors had been recommended to the leading group by the various departments under the State Council. These advisors included: Ma Bin, advisor to the Economic, Technological, and Social Development Research Center under the State Council, Wang Jing, director of the No. 1 Key Construction Bureau under the State Planning Commission, Wang Qian, vice chairman of the Financial and Economic Committee under the NPC, Wang Hanzhang, deputy governor of Hubei Province, Bi Dachuan, deputy director of the National Research Center for Science and Technology Development under the State Science and Technology Commission, Liu Guoguang, economist and

vice president of the China Academy of Social Sciences, Sun Zonghai, general engineer of the Industrial Technology Bureau of the State Science and Technology Commission, Sun Honglie, vice president of the China Academy of Sciences, Sun Yueqi, head of the CPPCC's Work Group for Economic Construction, Shen Hong, a mechanical expert and Vice Chairman of the Law Committee of the NPC, Li Qiang, Advisor to the State Council and former minister of foreign economic relations and trade, Li Boning, director of the State Council's Office in Charge of Economic Development in the Three Gorges Area, Chi Haibin, vice minister of finance, Zhang Wei, vice chairman of the China Science and Technology Association, Zhao Mingsheng, member of the State Machine-building Industry Commission, Hu Zhaosen, member of the State Science and Technology Commission and deputy director of the Standing Committee of the State Natural Sciences Foundation, Qian Yongchang, minister of communications, Xu Lizhang, deputy director of the Planning Research Center of the State Planning Commission, Jiang Zhaozu, vice president of the China International Engineering Consulting Corporation, and Pu Haiqing, former deputy governor of Sichuan Province.

3. After 10 major questions concerning the Three Gorges project were analyzed, 14 expert groups were set up according to the specific needs of the 10 major questions. The 14 expert groups were: The Geology and Earthquake Expert Group, the Key Project Expert Group, the Hydrology Expert Group, the Flood Prevention Expert Group, the Silt Expert Group, the Shipping Expert Group, the Electric Power System Expert Group, the Mechanical and Electric Equipment Expert Group, the Emigration Expert Group, the Ecology and Environment Expert Group, the Comprehensive Planning Expert Group, the Water Level and Construction Expert Group, the Investment Appraisal Expert Group, and the Comprehensive Economic Appraisal Expert Group. The directors, deputy directors, and advisors of all the 14 expert groups had been invited from the various departments under the State Council according to the actual needs of the various types of work after sufficient consultations among all the departments concerned. When employing the directors, deputy directors, and advisors of the 14 expert groups, we took into full consideration the academic authority of some experts and employed both the renowned veteran experts and the promising young and middle-aged experts who had made some outstanding contributions to our country. The expert groups consist of representatives of the departments and localities concerned and the representatives of widely divergent views. Therefore, each member of an expert group represents a wide range of interests. For example, the two advisors, one director, and three deputy directors of the Geology and Earthquake Expert Group are: Advisor Chen Zongji, who is also director of the Institute of Geophysics of the China Academy of Sciences and a member of the Scientific Council of the China Academy of Sciences, Advisor Jia Fuhai, who is also senior engineer of the Ministry of Geology and Mineral Resources

and a member of the Scientific Council of the China Academy of Sciences, Director Dai Guangxiu, who also is deputy general engineer of the Hydrogeology and Engineering Geology Department of the Ministry of Geology and Mineral Resources, Deputy Director Li Ping, who also is a research fellow of the Institute of Geology of the State Seismological Bureau, Deputy Director Wang Sijing, who is also deputy director of the Institute of Geology of the China Academy of Sciences, and Deputy Director Jiang Guojie, who is also consultant to the Water Resources and Hydropower Planning and Design Institute of the Ministry of Water Resources and Electric Power. The two advisors, one director, and three deputy directors of the Ecology and Environment Expert Group are: Advisor Hou Xueyu, who is also advisor to the Environmental Protection Committee under the State Council, a member of the Scientific Council of the China Academy of Sciences, and a research fellow of the Institute of Botany, Advisor Huang Bingwei, who is also president of the China Geography Society and a member of the Scientific Council of the China Academy of Sciences, Director Ma Shijun, who is also advisor to the Environmental Protection Committee under the State Council, honorary president of the China Ecological Society, chairman of the Committee of Environmental Science under the China Academy of Sciences, and a member of the Scientific Council of the China Academy of Sciences, Deputy Director Yan Kai, who is also president of the China Society of Hydraulic Engineering, honorary president of Hehai University, and a member of the Scientific Council of the China Academy of Sciences, Deputy Director Sun Hongbing, who is also senior engineer of the State Environmental Protection Bureau, Deputy Director Gao Fuhui, who is also president and research fellow of the Chengdu Branch of the China Academy of Sciences.

The 14 expert groups employ a total of 412 experts and advisors of 40 specialities, among whom there are 213 experts and advisors from the water resources and electric power department, accounting for some 51.7 percent of the total number of experts and advisors employed by the 14 expert groups, and there are 15 members of the Scientific Council of the China Academy of Sciences, 66 professors and associate professors, 38 research fellows and deputy research fellows, and 251 senior engineers, altogether accounting for some 89.8 percent of the total number of experts and advisors employed by the 14 expert groups.

After giving a brief account of the various expert groups, Lu Youmei stressed that apart from the 412 experts and advisors, many other people have also taken part in the scientific demonstrations on the Three Gorges project. Many universities and colleges, research institutions, survey and design units, and some other units have also taken part in the relevant scientific experiments, surveys, investigations, and research. Our country also cooperated with Canada and the World Bank in carrying out the scientific demonstrations on the Three Gorges project. Our country, Canada, and the World Bank also

jointly set up a Guidance Committee. The World bank also nominated some internationally renowned experts (including experts of our country) to form an International Expert Group. Under the supervision of the Guidance Committee and the International Expert Group and with the help of the funds granted by the Canadian Government, a Consultative Group was jointly established by five most experienced Canadian government institutions and private companies. The Consultative Group is responsible for formulating the feasibility study report on the Three Gorges project according to relevant international standards. It is expected that by the 3d quarter of this year, the Consultative Group will have produced its final feasibility study report on the Three Gorges project. Carrying out the scientific demonstrations on the Three Gorges project with the help of both domestic and foreign experts can guarantee the accuracy of the scientific demonstrations on the Three Gorges project and improve the quality of the feasibility study on the Three Gorges project.

The Progress of the Scientific Demonstrations on The Three Gorges Project

Lu Youmei also talked about the progress of the scientific demonstrations on the Three Gorges project. He said that the overall scientific demonstration on the Three Gorges project was unfolded after goals, requirements, methods, procedures, and work programs for discussing the various special questions concerning the project were decided upon.

The first and foremost task was to select a water level acceptable to all. Some people thought that this method of carrying out the scientific demonstration was not a scientific way of doing things because selecting a water level meant that the Three Gorges project would certainly be built, as though a conclusion had already been reached before the scientific demonstrations on the Three Gorges project had actually started. Lu Youmei thought that this was a misunderstanding because it is really necessary to select a suitable water level first. Since the Three Gorges project is a big project, different water levels could produce different results. The total water storage volume of a 180-meter dam is double that of a 150-meter dam. The number of people to be moved from the area where a 180-meter dam would be built is double the number of people to be moved from the area where a 150-meter dam would be built. 150-meter and 180-meter dams also differ in their respective capabilities for carrying out flood prevention, power generation, and marine transport and with regard to the actual investment, because 150-meter and 180-meter dams will encounter different silt and environmental problems. Therefore, if the experts and scientists did not have a water-level plan to which they could refer, it would be impossible for them to carry out the scientific demonstrations on the Three Gorges project or to find an alternative water-level plan which could produce approximately the same results under the circumstances that they ever decided not to build the Three Gorges

project or not to build the Three Gorges project immediately. Lu Youmei believed that selecting a water-level plan for reference was quite logical in terms of the methods and procedures of the scientific demonstrations on the Three Gorges project and was conducive to further carrying out scientific demonstrations on various special questions concerning the Three Gorges project and to discovering the internal relations and contradictions among the various special questions concerning the Three Gorges project. Lu Youmei stressed that the initial water-level plan was not the final water-level plan. The initial water-level plan could be amended in the course of the scientific demonstrations on the Three Gorges project.

After repeated discussions, the initial water-level plan was examined and approved by the fourth enlarged meeting of the Leading Group in April 1987. The contents of the initial water-level plan include: "First-grade development, one-time construction, water storage in phases, and consecutive emigration." The specific figures for the initial water-level plan are: A dam with a height of 185 meters, a final normal water level of 175 meters, and an initial water level of 156 meters.

Scientific demonstrations were soon carried out on the initial water-level plan. Seminars held on flood prevention, power generation, and marine transport suggested that the Three Gorges project should not be built and at the same time put forward alternative plans.

Up to now, the Leading Group has already held eight enlarged meetings and examined one by one and approved in principle the reports of the seminars. The only remaining reports to be examined and approved by the Leading Group are the report of the seminar held on comprehensive planning and water level and the report of the seminar held on comprehensive economic appraisal. Finally, the Leading Group will re-formulate the feasibility study report on the Three Gorges project on the basis of all the scientific demonstrations carried out in the various seminars. Lu Youmei said that they will do their best to accomplish the work of scientific demonstration on the Three Gorges project within this year and submit their final report to the State Project Examination Committee, which is under the State Council.

Explanations on Several Questions

After Lu Youmei gave a brief account of the situation concerning the scientific demonstrations on the Three Gorges project, reporters asked him several questions. Lu Youmei answered the reporters' questions one by one.

Reporter: Some people say that the building of the Three Gorges project has already been internally decided upon by the authorities, and that the scientific demonstrations currently being carried out on the Three Gorges project are only superficial. What is your comment on this view?

Lu Youmei: Some of the major projects built by our country have suffered losses because we did not carry out the necessary scientific demonstrations on them. The reason we have been carrying out in-depth and comprehensive scientific demonstrations on the Three Gorges project is because we want to draw a lesson from our past failures and place our decisionmaking process on a more scientific basis. While carrying out the scientific demonstrations on the Three Gorges project, we have not received any pressure from the higher authorities. The State Council has instructed us to gain a clear idea of all the technological questions concerning the Three Gorges project. In my view, no matter what macroscopic decisions the state makes, to make clear whether the building of the Three Gorges project is technologically and economically feasible is the responsibility of the scientists. Only the experts can reach a conclusion on this question. The conclusion should not be reached by any leader or by ballot.

Reporter: In the past, newspapers seldom reported on the scientific demonstrations on the Three Gorges project. Is it true that you have been carrying out the scientific demonstrations on the Three Gorges project in secret?

Lu Youmei: The scientific demonstrations on the Three Gorges project have been carried out in public, not in secret. Because the Three Gorges project concerns a lot of complicated economic, technological, theoretical, and practical questions, the scientific demonstrations on the Three Gorges project are very professional in nature. And it is very difficult to reach any specific conclusion on the Three Gorges project through discussions in newspapers and other publications. What is more, at present, the scientific demonstrations on the Three Gorges project are still being carried out and no specific conclusion has been reached on the project. Therefore, we do not have much to report in the newspapers.

Reporter: How do you absorb the widely divergent views expressed in the course of the scientific demonstrations on the Three Gorges project?

Lu Youmei: The seminars held on each special question concerning the building of the Three Gorges project will finally produce a feasibility study report on the project. If some experts who participate in these seminars disagree with the report, they can choose not to sign their names to the report and to put down their own views at the end of the report so that their views will be carefully considered when the comprehensive scientific demonstrations are held on the Three Gorges project. In order to guarantee technological democracy and enable the experts to have more opportunities to express their views on the Three Gorges project, we have adopted the following procedure in discussing and examining each of the special questions concerning the building of the project: The Leading Group will hold an enlarged meeting. The expert groups will first submit their reports approved at various seminars on special questions concerning the building of the Three Gorges project. The

comrades attending the enlarged meeting held by the Leading Group will then ask questions on these reports; and the expert groups concerned will answer the questions and offer the necessary explanations. Then all the comrades attending the enlarged meeting held by the Leading Group will spend some time reading these reports and the relevant documents and prepare their own views on them; after which all the comrades attending the enlarged meeting held by the Leading Group will hold discussions on these reports. On the basis of these discussions, the Leading Group will hold a group meeting attended by the members of the Leading Group, the special advisors of the Leading Group, the president of the China Hydraulic Engineering Society, the president of the China Electrical Engineering Society, and the president of the China Hydroelectric Engineering Society. The group meeting will mainly discuss the conclusions reached by the various seminars on various special questions concerning the building of the Three Gorges project, including the views expressed by the experts who disagree with the conclusions reached by the various seminars. Then the various expert groups will properly amend the reports approved by the various expert groups at various seminars on special questions concerning the building of the Three Gorges project and formulate their final reports. Thus all the views expressed by the experts will be taken into consideration. Subjectively speaking, we have made special efforts to overcome the limitations of our own department in the course of the scientific demonstrations on the Three Gorges project.

Reporter: In what way do you carry out the scientific demonstrations on major questions concerning the Three Gorges project?

Lu Youmei: We have adopted a very strict and scientific attitude in carrying out the scientific demonstrations on the major questions concerning the Three Gorges project; and our scientific demonstrations have never been restricted by any of our existing conclusions because our scientific demonstrations on the Three Gorges project must stand the test of history. For example, when carrying out the scientific demonstrations on questions concerning geology and earthquakes, the infrared remote sensing map showed that there was a shadowy belt at the future construction site of the dam. Therefore, it was suspected that there might be a fault zone there. In order to prove this view, the experts concerned carried out a ground survey, a trenching survey, an underground survey, a drilling survey, and an earthquake survey. As a result, the experts did not find any fault zone in the future construction site of the dam and wrote in their report that "the shadowy belt is not a fault zone and there is no other corresponding hidden fault zone in the same area. The shadowy belt is nothing but the comprehensive reflection of the difference between the topographic and geomorphologic factors and the vegetative and hydrogeological conditions." Since this conclusion was reached by the experts concerned after conscientiously and responsibly carrying out the relevant scientific surveys, all the experts agreed with it.

There have been a lot of discussions on the question of silt. Although our country is in the leading position with regard to scientific research on silt, it does not mean that our country can successfully solve the silt problem of the Chang Jiang. For example, after the reservoir is built, will the silt accumulated at one end of the reservoir obstruct marine transport? How should we clear the silt accumulated in front of the reservoir? After the silt is stopped by the dam, is it true that the clear water will erode the river bed in the lower reaches of the Chang Jiang and cause the Shanghai Bund to subside, as described by some experts? The expert groups have carried out a lot of scientific surveys, investigations, and experiments with regard to these questions and have built four big silt models of international standard in order to find more accurate and reliable answers to these questions.

The expert groups have also carried out in-depth and meticulous scientific demonstrations with regard to the question of emigration and have even carried out investigations in all the villages and households in the areas which might be affected by the building of the Three Gorges project.

Reporter: Since the Three Gorges project is a huge project, once the construction of the Three Gorges project is started, will it become a "fishing project"?

Lu Youmei: It is true that the Three Gorges project is a huge project, but it is certainly not a bottomless pit. The input of materials, equipment, and manpower into the Three Gorges project will be carefully calculated and placed under proper control. Moreover, manpower will be transferred to the project by stages and in groups. Thus it is not difficult to predict the number of people involved in the construction of the Three Gorges project. Scientific demonstrations have also been carried out with regard to the repayment capability of a number of projects which will be built with bank loans. In a word, we have kept clear accounts on all these questions.

Reporter: Some people have suggested that in developing the Chang Jiang, it is better to first develop the upper reaches and then the lower reaches, and better to first develop the tributaries and then the main streams; and that in developing the Chang Jiang, efforts should not be concentrated on the Three Gorges. What do you think of this view?

Lu Youmei: It is not absolutely true. As a matter of fact, the construction of power stations on the lower reaches of the Chang Jiang has always been carried out. The total installed capacity of the existing power stations and the power stations under construction on the lower reaches of the Chang Jiang has reached 14 million kilowatts. In my view, the development of the Chang Jiang should be carried out in the light of the situation of local economic development and economic construction. Thus, we

should formulate different development plans in different periods. When carrying out the scientific demonstrations on the Three Gorges project, we have also analyzed a number of plans for building key water control projects in the upper reaches of the Chang Jiang. Those key water control projects were considered capable of producing the same economic results as those of the Three Gorges project. We have also made a comparison between those key water control projects and the Three Gorges project. Only by carrying out careful selection and comparison will we be able to formulate an accurate and rational plan for the development of the Chang Jiang and make a correct macroscopic decision at the end of our scientific demonstrations.

Whether the Three Gorges project should be built or not or should be built immediately or in the future will be the conclusion of our scientific demonstrations on the Three Gorges project, and is not the premise of the scientific demonstrations on the Three Gorges project.

Lu Youmei finally pointed out that carrying out scientific demonstrations on the Three Gorges project was originally the responsibility of the Ministry of Water Resources and Electric Power. Recently, as a result of the organizational readjustment of the State Council, in order to guarantee the smooth progress of the work of scientific demonstrations on the Three Gorges project, the State Council has decided that the original Leading Group should continue to be in charge of the scientific demonstrations through to the end. The Ministry of Water Resources and Electric Power and the Ministry of Energy Resources should give their unreserved support to the work of the Leading Group with regard to the scientific demonstrations on the Three Gorges project. Therefore, it is expected that the scientific demonstrations will be completed on schedule. The result of the scientific demonstrations on the Three Gorges project will also be submitted to the central authorities for reference on schedule.

Yue Shugong's Financial, Budget Report
SK1406040988 Tianjin TIANJIN RIBAO in Chinese
26 May 88 p 2

[Report on the implementation of the 1987 Tianjin Municipal Financial budget and on the draft 1988 financial budget, given by Yue Shugong, director of the municipal Financial Bureau, at the 1st session of the 11th municipal People's Congress on 17 May 1988]

[Text] Fellow deputies:

Entrusted by the municipal people's government, I now submit a report on the implementation of the 1987 Tianjin Municipal Financial budget and on the draft 1988 municipal financial budget to the present session for discussion.

1. The Implementation of the 1987 Financial Budget

During 1987, all fronts throughout the municipality conscientiously implemented the line, principles, and policies defined since the 3d Plenary session of the 11th Party Central Committee; upheld the four cardinal principles, reform and opening up; focused their work on invigorating enterprises; took active and prudent steps in conducting economic structural reform; deeply conducted a campaign on increasing production, practicing economy, increasing revenues and reducing expenditures; and achieved a sustained, stable and coordinated economic development. On the basis of increasing production, expanding circulation, and raising economic results, we did a good job in implementing the financial budget, overfulfilled the financial revenue budget, basically guaranteed the needs of funds for economic construction and developing various undertakings, supported the implementation of all reform measures, and succeeded in realizing a balance between financial revenues and expenditures.

Our municipality's financial revenue and expenditure budgets for 1987 were readjusted with the approval of the 40th Standing Committee meeting of the 10th municipal People's Congress. The implementation of the readjusted budgets was as follows:

In 1987, the financial revenues reached 5,293,960,000 yuan, which was 100.03 percent of the budget, showing an increase of 2 percent over the previous year. The fulfillment of various revenue plans was as follows:

A. Revenues from enterprises reached 1,031,040,000 yuan, which was 96.7 percent of the budget. Revenues from industrial enterprises reached 1,173,600,000 yuan, which was 100.2 percent of the budget, and revenues from commercial enterprises reached 76.68 million yuan, which was 85.2 percent of the budget.

B. All kinds of tax revenues totalled 3,991,020,000 yuan, which was 100.1 percent of the budget. Of this sum, 2,299,920,000 yuan came from the product taxes and value added taxes, which was 98.3 percent of the budget. This fiscal year, we began to collect business tax from state-run construction and installation enterprises, real estate taxes, and taxes for using cars and ships. This relatively increased our revenues.

C. Revenues from other fields totalled 39.21 million yuan, which was 175.8 percent of the budget.

D. Urban maintenance and construction tax revenues reached 232.69 million yuan, which was 107.7 percent of the budget.

In addition, our municipality collected 461.93 million yuan for building key energy and communications projects, fulfilling the state assigned task by 108 percent. In line with stipulations, our municipality may receive a share of 145.96 million yuan. A total sum of 153.18

million yuan was handed in by subscribers for state treasury bonds, which was 103.1 percent of the state assigned task. We issued 264 million yuan worth of key enterprise construction bonds and power construction bonds, fulfilling the state assigned tasks.

In 1987, the financial expenditures reached 2,823,120,000 yuan, which was 91.8 percent of the budget, a decline of 10.9 percent from the previous year's figure. In addition, we handed over 236 million yuan in loan to the central authorities. The fulfillment of major expenditure items was as follows:

A. The capital construction expenditures reached 519.63 million yuan, which was 88.1 percent of the budget. Of this sum, 140.13 million yuan was spent on funds for key energy and communications projects, including the construction of the Junliangcheng power plant and the no. 1 power plant and other key projects. The industrial capital construction expenditure reached 137.74 million yuan, the capital construction expenditure for building cultural, education and public health facilities reached 113.53 million yuan, and the expenditure for other capital construction projects reached 128.23 million yuan.

B. Expenditures on urban maintenance and construction totaled 488.26 million yuan, 98.7 percent of the budgeted figure. Of this, expenses in urban maintenance amounted to 176.21 million yuan; and expenses in urban construction amounted to 312.05 million yuan. Of the expenses in urban construction, 82 million yuan was used to build new residences for workers and staff members, 130 million yuan was used to build the outer ring road, 12 million yuan was used to expand the Xinkaihe Water Plant, and 23.52 million yuan was allocated to develop cultural, educational, scientific, and public health services.

C. Appropriations for the three scientific and technological projects totaled 42.1 million yuan, 95.9 percent of the budgeted figure.

D. Funds allocated for supporting agriculture totaled 123.94 million yuan, 74.6 percent of the budgeted figure. This was primarily used to make 15 million yuan of more investments in building the new Yongding He antiflood project.

E. Operating expenses for culture, education, science, and public health amounted to 614.72 million yuan, 94.2 percent of the budgeted figure. Operating expenses for education were fixed at 338.16 million yuan at the beginning of 1987. In implementing the budget, an additional of 14.52 million yuan was allocated for education, thus making the educational expenses reach 352.68 million yuan. However, because the expenses for wage increase were not paid at the end of 1987, the real expenses in education amounted to 337.06 million yuan. Besides, an additional 56.78 million yuan was allocated to subsidize the educational undertakings in urban and

rural areas, but only 52.92 million yuan of this fund was really used. Despite the decrease in the total financial resources, educational departments at all levels made appropriate arrangements for educational expenses, but these arrangements still fell short of the demand for developing educational undertakings.

F. Administrative operating expenses amounted to 154.91 million yuan, 89.2 percent of the budgeted figure. Of this, the fund spent on buying equipment dropped by 33.3 percent, and the allowances for holding meetings and business trips dropped by 14.4 percent.

G. Appropriations for subsizing the prices of non-staple food of residents totaled 265.3 million yuan, 96.4 percent of the budgeted figure.

H. Allocations for various price subsidies totaled 353.25 million yuan, 99.8 percent of the budgeted figure.

In 1978, revenues and expenditures were in balance, with a cash surplus of 251.13 million yuan. Of this sum, 61.77 million yuan of cash surplus was made by financial departments at the municipal level, and 189.36 million yuan by financial departments at the district and county levels. This cash surplus primarily came from funds saved by suspended and merged projects, and by administrative establishments which fixed their quotas of administrative expenses.

In 1987, the municipality conscientiously implemented various measures for economic structural reform; actively launched the campaign to increase production and practice economy and increase revenues and reduce expenditures; and made great efforts to develop production, open up financial resources, increase revenues, and economize expenditures, thus ensuring the fulfillment of the financial budget. In 1987, the municipality attached importance to the following points of work:

The municipality launched the campaign to increase production and practice economy, and increase revenues and reduce expenditures; and realized the goal of increasing production and revenues. Over the past year, to overcome the relatively more numerous factors for reduced revenues, such as the price hike of raw and semi-finished materials, and with the purpose of relieving the shortages of funds, foreign exchange, energy resources, and raw materials, all enterprises deeply launched a campaign focusing on increasing the production of readily marketable products, lowering material consumption, cutting cost and expenses, and improving economic efficiency. As a result, they increased their production and revenues. At the same time, the municipality witnessed a good trend of comprehensive increases in the major targets which reflect Tianjin's economic strength, level and efficiency. The total industrial output value increased by 8.5 percent; the total agricultural output value increased by 11.7 percent; the total volume of retail sales increased by 17.6 percent;

and the volume of foreign exchange earned from foreign trade and export increased by 20.3 percent. On this basis, financial revenues also increased somewhat over the previous year.

We deepened reform, promoted the contracted managerial responsibility system for enterprises in an all-round way, and intensified enterprises' vitality. The enterprise responsible departments at all levels maintained close cooperation with financial and taxation departments, promoted all forms of the responsibility system in contract business, integrated this system with the campaign to increase production, practice economy, increase revenues and reduce expenditures, and scored fairly good results. While implementing the contracted managerial responsibility system for enterprises, we readjusted the regulatory tax in some large and medium-sized enterprises, implemented the value added tax in textile products and some light industrial products, and reduced enterprises' tax burden. We further improved the distribution relations between the state and enterprises, implemented all forms of the award method of linking wages and bonuses with economic results, boosted enterprises' vitality, and mobilized the enthusiasm of workers and staffers. We also encouraged enterprises to develop lateral economic cooperation, organized a group of enterprise associations comprising enterprises of various ownership systems, and raised the production capacity of some key enterprises to produce brand-name and good quality products. We established and developed some key raw materials production bases for nonferrous metals, paper pulp, and tobacco, and ensured a steady increase in industrial production.

We compressed the overheated atmosphere and reduced financial expenditure. In line with the principle of "three guarantees and three restrictions" we curtailed the scope of investment in fixed assets and reduced the construction investment through reinvestigating the designs and sorting out funds for projects under construction. All districts, counties and units conscientiously implemented the municipal government's 10 stipulations on strictly controlling all kinds of expenditures, strictly implemented the contract responsibility system in operational fund budget, actively reduced expenditures for administrative purpose, effectively controlled expenditure on group purchase, and fulfilled the state assigned expenditure control target.

We mobilized social efforts to support the development of educational undertakings. Our municipal education department spent 84.11 million yuan on purchasing and repairing equipment. We installed equipment for teaching, experiments, and libraries in the Foreign Language Institute, medical institute, the architectural school of Tianjin University and other institutions of higher learning, and installed equipment in 50 new primary and middle schools and kindergartens. We also furnished and renovated 841 rooms, including the physics, chemistry and biology laboratories of middle schools, natural science and common knowledge rooms, language and

music rooms of primary schools. In addition, we installed 116 microcomputers in schools. We rebuilt primary and middle school buildings with a total floor space of 190,000 square meters and repaired school buildings with a total floor space of 250,000 square meters. At the same time, we continued to promote the method of linking up all trades and professions with schools to support the development of educational undertakings. A total of 33 million yuan of funds was collected. Such a sum mainly came from districts, counties, townships and villages and was used for rebuilding primary and middle schools, renovating houses for teachers, improving some schools' teaching conditions and teachers' living conditions in line with the plans of villages and towns.

We increased agricultural input and intensified the momentum for agricultural development. In 1987, we developed a grain base covering 1.1 million mu of land, increased the irrigation areas and succeeded in increasing grain output by 100 million jin. We implemented the integrated management system in fish, egg and milk production and operation, and adopted the methods of granting loans, giving subsidies and paying discount interest in developing aquaculture, and the production of milk, poultry, eggs and nonstaple foods, in an effort to increase production and ensure market supply.

We conducted general inspections on tax revenues, financial affairs and prices, and strictly observed the financial and economic discipline. Through self-inspection and investigation, we discovered 202.01 million yuan of financial revenues which should be handed over to the state. Of this sum, we already delivered 190.91 million yuan to the state. Such a move helped us to increase revenues and play a definite role in checking unhealthy trends and enforcing financial and economic discipline.

Although Tianjin achieved some results in financial work in 1987, some problems and difficulties remained. Major indicators were: Owing to the price hikes of raw materials and the shortage of energy resources which restricted the improvement of economic efficiency and financial revenues, the deficit incurred by enterprises increased somewhat; and the remaining sum of loans to fixed assets was relatively large. Because of many factors, the investment efficiency from some capital construction and technological projects was not good enough; and some enterprises' liability burden was comparatively heavy, which prevented these enterprises from further development. Such phenomena as stressing ostentation and extravagance, displaying one's wealth, and indulging in waste and extravagance remained in economic life. The financial revenue administrative work still lagged behind the new situation of economic development as well as reform and opening up; and some weak links remained in this regard. All departments and units are required to make concerted efforts, and adopt feasible and effective measures to conscientiously solve these problems and difficulties.

2. Draft Financial budget for 1988

This year is an important year to implement the guidelines of the 13th Party Congress and to carry out the Seventh 5-Year Plan. The basic principles for the 1988 economic work, which was set forth by the central authorities, are: Further emancipate our minds, further stabilize the economy, further deepen reform, and put reform at the center of all our work. The 1988 financial budget, which was currently submitted to the 1st session of the 11th municipal People's Congress for examination and approval, was worked out in line with the basic principles for economic work, in light of the new economic measures of the state, and according to the major targets of the municipal plan for economic and social development. The principles for arranging the budget are: Strengthening enterprises' vigor and momentum by paying equal attention to immediate and long-term interests to increase production and revenues; curtailing the investment in capital construction by considering the shortage of financial resources; ensuring the appropriations for "poll allowances," price subsidies, and urban maintenance and construction; and appropriately increasing operating expenses in culture, education, science, and public health.

The 1988 budget projects revenues at 4,600,270,000 yuan, a decline of 693.69 million yuan, or 13.1 percent, from the 1987 figure.

A. Revenues from enterprises total 303.02 million yuan. Of this, revenues from industrial enterprises total 635 million yuan; deficits incurred by commercial enterprises are projected at 66.63 million yuan; deficits incurred by grain enterprises are projected at 222.51 million yuan; and deficits of other enterprises are projected at 42.84 million yuan.

B. Revenues from taxes are projected at 4,034,250,000 yuan. Of this, revenues from product tax and added value tax are projected at 2,304,050,000 yuan; and revenues from business tax are projected at 977 million yuan.

C. Other revenues are projected at 23 million yuan.

D. Revenues from urban maintenance and construction taxes are projected at 240 million yuan.

In addition to the aforementioned budgeted revenues, the state has assigned to our municipality the tasks of collecting 425 million yuan of funds for building key energy and transportation projects, and issuing 236 million yuan of treasury bonds.

In formulating the revenue budget, the municipality has taken into account the influence caused by economic development and other economic factors. In 1988, through developing production and raising economic efficiency, the municipality will be able to increase revenues by 612 million yuan. However, the possibly

decreased revenues and the possibly increased deficits will amount to 1,305,000,000 yuan, greatly surpassing the possibly increased revenues from developing production and raising economic results. Therefore, financial revenues will witness a declining trend.

In 1988, our financial expenditure budget is 2,359,250,000 yuan, a decrease of 13.7 percent from the budget planned in the beginning of the previous year. The breakdown of major items of expenditure is as follows:

A. Budgetary expenditure for capital construction is 213.14 million yuan, a decrease of 35.2 percent from the budget of the previous year (budget planned in the beginning of the year). Of this, expenditure for capital construction in the industrial sector is 53.89 million yuan and the expenditure for building new television towers, libraries, diving halls, and other cultural, educational, and public health facilities is 70.55 million yuan.

B. Budgetary expenditure for city maintenance and urban construction is 406.92 million yuan, a decrease of 15 percent from the budget of the previous year. Of this sum, the expenditure for city maintenance is 195 million yuan, and the expenditure for urban construction is 211.92 million yuan. This sum is mainly arranged for investment in key projects, including the Tianjin railway hub supporting projects, central heating projects, four roads and two traffic lanes on the outer ring road.

C. The funds expenditure for carrying out three scientific and technological projects is 24.5 million yuan, an increase of 1.3 percent over the previous year's budget. In addition, we will arrange 6 million yuan of funds for implementing the spark plan on science and technology.

D. The budgetary expenditure for agricultural aids is 128.36 million yuan, an increase of 4 percent over the previous year's budget. This includes an investment of 9 million yuan for the continued development of grain bases, 8 million yuan for flood control projects in the new Yongding He, and 2 million yuan for completing the Tanggu embankment project.

E. The funds for cultural, educational, scientific and public health undertakings are planned to be 642.93 million yuan, an increase of 5.9 percent over the previous year's budget. Of this sum, the educational fund is 361.23 million yuan, an increase of 6.8 percent over the previous year's budget and the public health fund is 135.75 million yuan, an increase of 3 percent over previous year's budget.

F. The administrative fund is 141.71 million yuan, an increase of 6.5 percent over previous year's budget. In line with the unified arrangement of the central authorities, this increased fund amount is used as an expenditure to reinforce and strengthen economic management departments, and increase the number of personnel in the judicial and public security organs.

G. The expenditure for residents' nonstaple food price subsidies is 87.24 million yuan.

H. The expenditure for various price subsidies is 300.6 million yuan.

The financial revenue and expenditure budgets for 1988 shows a fairly big decrease from the previous year. The budgetary arrangement is austere, with no room for maneuvering. All districts, counties, departments, and units should clearly understand the current financial situation, unity thinking, base themselves on tapping their own potential to increase production and reduce expenditure, act according to their financial capacity, and rely on their own efforts to achieve a balance between revenues and expenditures.

3. Unify Thinking, Work With Concerted Efforts, and Strive to Guarantee the Fulfillment of the Municipality's 1988 Financial Budgets

This year our municipality's financial situation is very rigorous. Because there are many factors for reducing revenues and increasing deficits, the financial revenues cannot but decline. All fields have to manage many things which must be managed. Contradictions between financial supply and demands are quite prominent. To ease financial difficulties, we must adopt measures to increase income and reduce expenditure. To achieve this, all people throughout the municipality must unify thinking, work with concerted efforts, conscientiously implement all principles and policies formulated by the central authorities, carefully handle all contradictions in financial and economic work, fully display our municipality's superiority, and carry out all fields of work in a down-to-earth manner. To strive for better fulfillment in this year's municipal financial budgets, we put forward the following measures:

A. We should continue to deepen the campaign to increase production, practice economy, increase revenues, and reduce expenditures to improve economic results and increase revenues.

To make a success of this campaign is the fundamental measure for alleviating the current financial difficulties. In carrying out this campaign, all units should pay close attention to improving economic results and increasing taxes and profits on the basis of developed production. Only in this way can they fulfill the quotas of money to be turned over to higher authorities, repay more loans to banks, share more profits, and increase the income of staff members and workers. Industrial enterprises should strive to produce more undersupplied and competitive products, and export products for earning foreign exchange; readjust product mix; improve product quality; tap their internal potential; reduce production cost and enterprise deficits; improve economic results; and repay loans more quickly. Commercial enterprises should improve their managerial mechanism, economize on circulating expenses, increase profit, and reduce

financial subsidies on the basis that meticulous arrangements are made for market supply, and large-scale circulation is made successful. Construction industrial enterprises should pay attention to saving investment when making designs for projects, shorten construction period, raise the returns of investment and, at the same time, strictly control unplanned capital construction projects. Financial and tax departments at various levels should help enterprises to implement specific measures to increase income and reduce expenses, and exert great efforts to support production and cultivate financial resources.

B. We should actively popularize and improve the enterprise contracted managerial responsibility system to arouse enterprises' initiative to increase production and income.

To improve the enterprise contracted managerial responsibility system is the central link in deepening reform. Financial and tax departments at various levels should closely coordinate with the departments in charge of enterprises in actively popularizing medium-and long-range contracts lasting from 3 to 5 years; rationally define the contracted base figures and contracted tasks; and apply various forms of the enterprise contracted managerial responsibility system, such as leasing, contracting through public bidding, and contracting for operation of enterprises by other enterprises; to small enterprises, and those earning small profits or operated in the red. When widely instituting this system, we should emphasize the application of the competition mechanisms, comprehensively popularize the plant director (manager) responsibility system, improve the economic accounting system within enterprises, and enforce the fixed-quota wage system and the piece work wage system in industrial and communications enterprises so that enterprises can establish and improve their operational mechanisms, gradually achieve independence in management, and hold responsibility for their own profits and losses. We should promote the large-scale circulation of commercial enterprises, give full play to the role of central cities as distributors of commodities, and strive to improve their economic results. Financial and tax departments at various levels should render voluntary service to help enterprises improve management.

C. We should facilitate the reform of the financial and taxation systems to promote economic development.

Financial and tax departments should study the policies for adjusting the income tax and regulatory tax of enterprises, and further improve the taxation system. They should study and modify the taxation policy toward township enterprises, neighborhood collective enterprises, and the tertiary industry developed by enterprises and institutions to provide necessary conditions for their development. We should actively serve the development of the export-oriented economy, modify

the rules and regulations incompatible with the development of the export-oriented economy, and improve them continuously. We should strengthen management of the taxes levied from Chinese-foreign joint ventures and cooperative enterprises and those run exclusively with foreign investment, and adopt encouraging policies toward these enterprises, or the enterprises invested in jointly by foreign firms and enterprises with their own funds. We should actively develop financial credit; raise funds from various quarters; manage well and flexibly use various kinds of loans; support enterprises to carry out technical transformation; facilitate the implementation of scientific and technological spark programs, and scientific and technological development plans; and give better play to the role of financial departments in supporting economic construction. We should deepen the reform of city systems, and further expand the city's authority for financial and tax management.

D. We should strive to reduce all expenditures and curtail the group purchasing power.

Under the situation in which there is a shortage of financial funds, all departments and units should make overall planning and arrangements for their financial funds and funds at the disposal of the localities, and use the limited amount of financial resources in places where funds are badly needed for business development. While ensuring the supply of funds for carrying out key projects, we should resolutely reduce investment in extra-budgetary projects, nonproductive projects, and projects built with funds raised by the localities, further improve the contract method in operational fund budget, strictly control the establishment of new organs and the increase in staff, and reduce administrative funds for official trips, meetings, and installation of new equipment. We should actively encourage profitable enterprises not to establish new units but diversify their undertakings, expand the scope of paid service, actively organize income resources, increase development funds for their own units and strive to reduce the financial department's burden. Reducing group purchases is the emphasis of this year's efforts to control and reduce expenditures. The State Council has already issued an emergency circular calling on all units to reduce this year's expenditure for group purchases by 20 percent on the basis of last year's actual expenditure, and stop buying 19 kinds of state-controlled products, such as small cars, sofas, and carpets. In this regard, the municipal government has already worked out plans. All departments and units should strengthen leadership, conscientiously implement these plans, refrain from breaking the targets for controlling group purchases, and guarantee the fulfillment of the curtailment tasks.

E. We should strengthen tax collection and management, intensify financial supervision, and strictly enforce financial and economic discipline.

So far, our municipality's proportion of tax revenues to the total financial revenues is 94 percent. Guaranteeing a stable increase in tax revenues is the key to fulfilling

the financial revenue budget. Along with economic development, the role of taxes in regulating economy and organizing revenues will become increasingly important. It is necessary to strengthen the tax collection and management work, persist in paying taxes according to law, collect taxes according to the tax rate, and deliver all collected taxes to the state treasury in a timely manner. We should strengthen and regularize taxation inspection, strictly enforce tax law and discipline, deal blows to tax evasion and acts of refusing to pay taxes in an effort to guarantee the legal production and operational activities. All district and county governments and financial and tax departments at all levels should strictly implement the tax policy. By no means should they reduce or remit taxation by violating policies.

Viewing the last few years' taxation, financial and price inspections, we can see that our municipality's problems in violating financial and economic discipline are declining in number every year and the number of major case concerning discipline violation has also decreased remarkably. However, the current problems of violating financial and economic discipline are still common. To prevent and straighten out these problems we must strengthen the building of socialist spiritual civilization; fully display the supervisory functions of departments at all levels, including the departments of finance, taxation, price and auditing, banks, and departments of industrial and commercial administration, supervision, and inspection and the judicial departments; adopt measures to tackle problems comprehensively; and use administrative, economic and legal means to deal blows to irregularities; strictly enforce financial and economic discipline; and enable the whole society to gradually foster a habit of observing law and discipline.

Fellow deputies: During the first quarter of this year, our municipality's financial revenue and expenditure progress was normal and the situation was good. We are convinced that under the guidance of the 13th Party Congress and through the common efforts of the people throughout the municipality, the 1988 financial budgetary tasks will surely be fulfilled.

FINANCE, BANKING

Markets Needed for Treasury Bonds
40060317 Beijing JINGJI RIBAO in Chinese
14 May 88 p 1

[Article by Zhu Wen (2612 2429): "Markets are Needed for Treasury Bonds"]

[Text]

In the Past: An Unpopular Financial Commodity

"The trust in treasury bonds is really bad. I'm not willing to invest in them," complained one resident of Beijing.

"Whenever the time rolls around to subscribe for treasury bonds, I'll buy a little. I don't count on getting my capital back, but consider it as a little contribution to the state," one worker said helplessly.

"Actually, it's not that treasury bonds are not to be trusted, but that they have a bad reputation. Treasury bonds are issued on the credit of the state and the state guarantees the capital will be repaid with interest upon maturity which makes for a more reliable financial asset than any other. This is the major reason why in many foreign countries treasury bonds remain popular despite the fact that the country has huge, long-term debts," remarked one comrade from the People's Bank of China.

How is it, then, that trustworthy, low risk treasury bonds have acquired a poor reputation? Is it the low rate of interest? No. Their annual interest rate as applied to individuals has gone up much higher than the interest rate of fixed deposits issued for the same period. Is the term too long? No. The maturity period has been reduced from the original 10 years to 3 years at present. Are the masses worried that the prices of goods will rise and that the treasury bonds, if purchased, would be devalued after a few years? No. Although prices are on the rise, bank savings deposits still go up year after year.

Then, what on earth is the reason? "What bugs me most is that treasury bonds are useless after I buy them. They just become 'idle money'. With my bank deposits, if I need the money, I can withdraw it before the maturity date, but with treasury bonds, no way," said one person who staked about a thousand yuan on treasure bonds.

The analysis of economists has ascended to the high plane of theory. "The primary problem is that the buyers can't freely deal in the bonds. Lack of circulation will undoubtedly have an effect on the function of treasury bonds, which is to raise capital."

The 1981-1984 Treasury Bond Regulations explicitly stipulated that "treasury bonds may not be bought and sold freely." Thus, treasury bonds have been stripped of their circulatory function.

Perhaps it is precisely this reason that causes high-interest rate treasury bonds to lose the distribution attractiveness that they ought to have. Apportioning rights in them becomes the primary means of distributing them.

Perhaps it is precisely this reason that uneconomic practices have concealed "real benefits" in the economy, and that enterprises and individuals have increasingly come to boycott treasury bonds.

"Commodities are fond of money," but this financial "commodity" the treasury bond, holds no allure at all for the money in the hands of the public.

A Search Far and Wide for "It"—the Transfer Market

Commodities need a market.

As soon as treasury bonds appeared, people started to inquire into the market for negotiable securities. However, a real market takes time to form, and it seems that holders of treasury bonds in general haven't much "patience." Some people just lay aside the treasury bonds they have purchased and, as the days go by, even they aren't sure how many bonds they have purchased.

Another aspect to this is that a treasury bond black market has sprung up throughout the country. In the Shenyang "black market", there have been "note scalpers" who have carried out transactions involving hundreds of thousands of yuan worth of treasury bonds; in the Qinjiang Street "black market" of Shanghai, a treasury bond with a face value of 100 yuan is priced as low as "60 yuan to sell, 70 yuan to buy". In one transaction, taking into account the unredeemed interest on the bond, the holder takes a loss of at least 50 percent, but the scalper, in one deal, can earn 10-15 yuan. In numerous villages, peasants have actually sold 100 yuan treasury bonds for less than even 60 yuan.

Treasury bonds are not permitted to be transferred. Although this is a state regulation, in actual economic life it stops no one. Rather, it is not uncommon to find the treasury bonds traded at reduced prices for goods, and other such deals.

In order to resolve the problem of insufficient circulation for the treasury bonds, the state bank decided to discount 1985 treasury bonds. But, because this discount could be applied only after the bond was 2-years old, and because the discount rate was high, the people felt it was a poor bargain. A 2-year old 100 yuan treasury bond could be redeemed for only 77.50 yuan at the discounted rate, not counting the loss of the interest.

The people are waiting for a genuine transfer market to appear.

Finally, on April 4, 1988 experimental transfer markets for treasury bonds were launched simultaneously, after state council ratification, in the seven cities of Shenyang, Shanghai, Chongqing, Wuhan, Guangzhou, Harbin, and Shenzhen. This project allows treasury bonds issued to individuals in 1985 and 1986 to be bought and sold on the market.

After the transfer market was launched, a situation developed which affords food for thought. In Chongqing, the people lined up in the rain to conduct transactions; in Shanghai, buyers vied with one another as the prices kept rising; in Shenyang, buying and selling went in good order with both parties claiming satisfaction.

Figures in the financial arena feel that the strong prices on the first day the treasury bond transfer market opened illustrate that treasury bonds have become a bond the people trust.

By April 25, the total amount of treasury bonds traded nationwide reached over 25 million yuan. The average transaction price for 1985 treasury bonds was 108.7 yuan for each 100 yuan bond. 1986 treasury bonds averaged 100.68 yuan. And the transaction prices for the bonds continue to rise. Sellers get their much-needed cash, and buyers can make much greater profits than they could by buying any other bonds.

The renewed trust in treasury bonds gives their holders a stronger sense of confidence. The continuous rise in treasury bond prices is a direct reflection of the high rate of return that they have had all along. Many people have indicated that if the bonds can be converted on the market, then they would be willing to buy further issues.

In the past, many people were reluctant to buy treasury bonds but bought them anyway because they considered it as an obligation or even as a mission. However, today they are starting to use their financial awareness to decide their own investment directions in the open market and treat the buying of treasury bonds as a way to make a return on their investment.

What Does Our Food for Thought Teach Us?

People can recall that, in 1950, our nation issued 100 million People's Victory Discount Bonds (amounting to 260 million renminbi) in order to ensure complete victory in the War of Liberation and a gradual return to productivity; and between 1954 and 1958 our nation made 5 consecutive issues of National Economic Construction Bonds worth 3.55 billion yuan so as to carry out large scale economic construction.

People can recall that the government once declared "We have neither domestic debts nor foreign debts," and the people felt proud because of this.

And now, our nation issues treasury bonds. This is an objective requirement in the development of a commodity economy. It is also an important change in the thinking of the people. That treasury bonds have gone from issue to transfer undoubtedly also represents great progress.

The opening of transfer markets for treasury bonds further stimulates the budding financial awareness of the people. A financial market puts the prices of the various financial commodities in front of the people and the people can find the more appealing investment routes for the money they hold. Selection has already been accepted by the people.

Interesting developments can spur us on to reflect after the opening of the transfer markets. The high prices and brisk trading not only caused government and propaganda departments to feel surprised but even caused the man on the street to let out a shout: "I never thought things could be like this!" The people seem to have rediscovered overnight the immense magic of the market.

I have heard many people express a sincere, new worry. If transfer markets are only opened in a few cities, the areas that are not opened up will become treasury bond "low pressure zones". Treasury bonds will converge on the cities with experimental markets; in the areas that aren't opened up, large scale underground transactions will emerge.

Please rest assured: it is understood that after the transfer market tests are run in the seven cities, within the year the entire country will be open to the transfer markets.

It is still an unfamiliar realm for us, but we will slowly become accustomed to it.

13072

SMALL-SCALE ENTERPRISES

Article Discusses Private Economy, Relationship With State

40060291 Beijing JINGJI CANKAO in Chinese
21 Apr 88 p 1

[Article by Chen Tanqiang [7115 6151 1730] "Private Economy Essential, Constitutional Amendment Passed During First Session of Seventh National People's Congress"]

[Text] The First Session of the Seventh National People's Congress solemnly passed a constitutional amendment, adding a new provision to Article 11: "The state will permit a private economy to exist and develop within the limits prescribed by law. The private economy is a supplement to the socialist public economy. The state will protect the legitimate rights and interests of the private economy, and exercise guidance, supervision, and control over the private economy."

According to basic law, a private economy was an element of the various forms of ownership deserving consideration during the initial stage of socialism in China, which developed public ownership as the cornerstone, and was an inevitable requirement and historical mission for developing social productive forces during the initial stage.

Deng Xiaoping pointed out: "To promote socialism, it is necessary to develop productive forces; poverty is not socialism. Of course we must support socialism, but to

better construct a socialism which is superior to capitalism, we first must establish a socialism capable of freeing itself of hardship and poverty. Although we are now promoting socialism, it really does not qualify as such. Only if, by the middle of the next century, we achieve the status of a middle-class developed country can we say that we have implemented socialism, or can we justifiably say that socialism is superior to capitalism. We are in the process of traveling this road now."

This is a historically necessary road to take to establish a socialism with Chinese characteristics. Our mission is to take a socialism which really does not yet qualify as such, and change it into one which does qualify. We must courageously adopt any policy which helps to achieve this historical mission, and implement any method which helps to develop social productive forces.

The socialist nature of China is a function of the two large classes of the publicly-owned sector of the economy, ownership by the whole people and collective ownership, which are dominant in society as a whole. This is the connotation of a basic principle of Marxism. Social economic relations are the sum of the various production relations of a specific historical stage of a society; the nature of a society is a function of the dominant production relations. In a nation such as China at present where the productive forces are not highly developed, in addition to a dominant public economy, it is inevitable there will also be various non-public economic entities of subordinate status, including Sino-foreign joint ventures, Sino-foreign contractual joint ventures, wholly foreign-owned ventures, individual businesses, private businesses, and mixed ownership enterprises comprised of various reciprocal economic components.

The private sector of the economy in China today exceeds 115,000 businesses, employing more than 1.84 million people. In addition, also included under the name "cooperative organizations" and "collective enterprises" are some private sector entities. In the new historical stage, the existence and development of a private economy is a historical inevitability, and has become an objective reality, albeit not as a result of willful transformation. In certain respects, the private business sector is superior to the individual business sector of the economy. The former enjoys a return commensurate with a given scope of production, while the latter is characterized by production of limited scope by small producers. The former generally resorts to modern production measures such as mechanization and electrification, while the latter primarily employs manual labor. The former is intimately linked with the socialization and commercialization of production, while the latter is characterized by small-scale commodity production which results in somewhat low labor productivity and low product marketability. The former is comprised of a fairly large number of businesses but they are relatively concentrated and easy for the state to

control, while businesses in the latter category are colossal in number and quite dispersed, making it difficult to consolidate management. Actually, some private sector businesses have evolved from businesses in the individual sector. In recent years, since some of the above average individual sector businesses expanded their scope of production in response to fund accumulation and market demand, and opted for economy of scale, it was inevitable that employed personnel would top the numerical limitations imposed by current laws and regulations, which stipulate one may request 1 or 2 assistants with 3 to 5 apprentices, and thereby evolve from those entities into private ones which employ hired labor. The evolution of an economic sector of this nature is the result of competition in a commodity economy and the effect of the law of value; it marks historical progress through an external law appropriate for developing a commodity economy. The existence and development of the private sector is suited to the requirements of developing a planned commodity economy in China, and "promotes production, invigorates markets, expands employment, and better meets the broad range of domestic needs of the people."

Socialism certainly does not have to be pristine with regard to ownership. The guiding ideology of the "left" was cast in error many years ago when it ignored the reality that China's productive forces, generally speaking, were quite backward, and that development was extremely uneven. It also was divorced from the specific circumstances surrounding the level of development of China's social productive forces, emphasized and consolidated the public economy in a one-sided and isolated manner, excluded all non-public sectors of the economy, including small privately-owned businesses such as individual enterprises of the urban and rural laborers, not to mention private sector entities which, because of hired labor, provided some non-labor income to enterprise proprietors. Consequently, China's social economic relations were made pure in form, but were essentially divorced from the requirements for developing the social productive forces. The result was that development of those forces was obstructed rather than promoted. Therefore, it was illogical for social economic relations to be so irrationally "pure." They were divorced from the actual conditions of social productive force development, and deviated from whether or not they promoted social productive force development as the sole practical criterion for testing their rationality. Instead, those of the "left" judged social economic relations by whether they were "pure" or "impure," which amounted to succumbing to the fantasy of using social economic relations as a measure to assess social economic relations themselves.

This fantastic theory has absolutely nothing in common with scientific socialism. No socialist state to date has reached the point where its productive forces are fully developed. This is especially true in China, whose socialism emerged from a semi-feudal, semi-colonial society,

where the productive forces were extremely underdeveloped, where individual enterprises existed as ships in a boundless ocean, and where the thinking of the small-scale producers had a far-ranging and profound social influence. This made it easy for fantastic socialist ideology to propagate and spread unchecked. The scientific socialism we support advances in the wake of performance, and herein lies the profound mystery of this theory. "Scientific socialism, from knowledge to practice, from the socialism practiced by one country to that practiced by many countries, to the reforms effected by present day socialist states, all expand and heighten a reunderstanding of socialism, and all serve to integrate the theory of scientific socialism with practice and developments of the times in various countries." Through the great performance of the party in the last 10 years since the Third Plenum of the Eleventh CPC Central Committee, our country first experienced the sudden development of businesses in the individual sector of the economy, followed by the budding and growth of private sector businesses, Sino-foreign joint ventures, Sino-foreign contractual joint ventures, and wholly foreign-owned ventures. This is an important result of restructuring China's economic system, a lively reflection of our country's expanded and heightened reunderstanding of socialism, and the real foundation of the theory which the party employed to establish the initial stages of socialism in China.

The basic principles governing the status, nature, rights, interests, and the state's policy regarding China's private economy have been recorded in the constitution of the PRC, and the significance of this is extraordinary. What necessarily follows is the question of how to derive laws as soon as possible which are offshoots of the original law—in this case, laws pertaining to a private economy, and other related laws and regulations—and place them on the agenda of the state's legislative and administrative bodies. People are justifiably confident since, in the wake of formally establishing the legal status of a private economy, and the gradual perfecting of various laws and regulations pertaining to a private economy, private businesses have the hopeful prospect of achieving legal status, and the healthy development of the private economy requires further legal protection. The government's administrative sector and judicial bodies at all levels must, on the one hand, ensure the legitimate rights and interests of the private sector of the economy in accordance with the law, and prevent any department, unit, or individual from illegally harming it. On the other hand, they must enhance guidance, supervision, and control of the private economy in accordance with the law, to be sure it does not illegally harm the rights and interests of the state, the public rights of society, and the legitimate interests of others.

Marx said it well: "In all forms of society, a given type of production governs the status and influence of all other types of production, and consequently its relations govern the status and influence of all other relations. It is universally illuminating, outshines all others, and changes their character."

China is a country which is developing a private economy under the "universally illuminating" radiance of the public economy. We have a dominant socialist public economy, and strong state machinery which is fully capable of adopting, and must adopt, economic and administrative measures, especially those which rely on the strength of law, to ensure that behavior in the private economy will be rational and standardized. The state also must conscientiously promote what is beneficial and curb what is harmful, and make the private sector a truly effective supplement to the socialist public economy, in order to serve the great cause of building socialism with Chinese characteristics.

We hereby sincerely and candidly proclaim: In the great cause of building socialism with Chinese characteristics, all private businesses operated according to the law, and all private enterprise proprietors who conduct financial transactions in a legal manner, are essential.

12513

Commentator Says Township Enterprises Should Hire More Qualified Personnel
40060316 Nanchang JIANGXI RIBAO [JIANGXI DAILY] in Chinese 14 May 88 p 1

[Commentator Article: "Start Using Qualified Personnel, Protect Qualified Personnel; How to Bring About Explosive Development in Township Enterprises"]

[Text] Man is the most active factor among the productive forces, and one that plays a decisive role. One of the primary reasons for the fairly slow development of township enterprises in our province is insufficient talent. Thus, the various locales should lay great stress on finding qualified personnel, and putting them in positions of importance so as to lift our township enterprises up from the present low level and bring about great development.

The practices in many other places illustrate that qualified personnel play an indispensable role in the course of development of township enterprises. It often happened that using a qualified person can rescue a enterprise, even a village or township, or develop an industry project. It is obvious that qualified personnel can give full play to their remarkable ability in the commodity economy arena as long as the climate of economic development is suitable.

Township enterprises in our province lack talent. This is a fact. But this doesn't mean we don't have qualified personnel here in Jiangxi. Rather, we should say that throughout our province a large batch of qualified personnel have been brought up, during the course of self-development of township enterprises, and especially through the course of ten years of economic reforms, who have acquired skills, are capable in management and administration, and possess an adventure-oriented spirit. Haven't they? Please consider the well-known

peasant Zhu Chunsheng [4281 2504 3932] of Dasha Township, Duchang County who, starting out with a bamboo machete, brought forth 16 specialized rattan-processing villages throughout his township in 4 years, and established an automobile accessory factory with over 2 million yuan in fixed assets and over three hundred employees. There is also the peasant Liang Xueguang [2733 7185 0342] of Lanfang Township, Gaoan County who started out as a tailor and in 1982 brought together 18 peasants to bake brick tiles. Five years later, he had developed six enterprises, their fixed assets had increased from 5000 yuan to 1 million yuan and their annual output value increased from 230,000 yuan to 1.8 million yuan; the peasant Xie Biao [6200 1753] from the suburbs of Nanchang who, within 5 years, transformed a small paper carton processing factory into a health beverage plant which is the first township enterprise in the province to exceed 30 million yuan in annual output value. Numerous other qualified persons like these could be cited. So, resolution of the problem of lack of talent in township enterprise in our province hinges upon whether our leaders at the various levels are able to spot the talent, and especially, whether they can cultivate it, and whether they dare to employ it in positions of importance.

Find and cultivate qualified personnel and employ them in positions of importance. This requires, above all, that leaders at the various levels change their attitudes toward township enterprises. They must stop regarding township enterprises as retirement homes within which to place old cadres at the grassroots level. They must change their idea about employment which doesn't stress actual achievements, but rather political affairs, and which places ideology and slow, steady work habits as primary criteria. They should get rid of all of their customary prejudices and genuinely foster new attitudes about personnel employment that place as its basic criterion whether or not an individual can develop the productive forces. We must seek talent with a vengeance, and we must broaden our outlook and act adventurously. If the individual can give the enterprise a boost, then we should have faith in him and let him give full play to his intelligence and wisdom at his rightful post. Also, we must take effective approaches toward spotting qualified personnel and place them in positions of importance. Namely, we should adopt the competition system. Competition not only produces beneficial results, but above all, it produces talent. Without talent, beneficial results cannot be had. The practices in many places bear testimony to this. The socialist construction undertaking needs numerous steeds all capable of covering the course, and not until a horse has gone up against 10,000 others in a race can it be spotted and put to use. We cannot just rely on one or two scouts to find those steeds.

If we dare to employ qualified personnel in positions of importance, we still must do a good job at protecting them. This protection requires that the various locales create favorable living and working conditions for the

qualified personnel. We not only must venture to provide excellent living environments for the qualified personnel, but also, must support their work, do our utmost to be a service to them, clear the obstacles out of their way, enable them to keep close ties with the masses, and maintain their central position in the enterprise. Moreover, when they suffer setbacks in their work, and when they make mistakes, we must understand them and willingly help them learn the experiences. Because qualified persons aren't perfect, they will undoubtedly have their faults, and when mistakes do crop up, unless they are criminal activities or for personal gain, we should open-heartedly help the personnel make amends. Under no circumstances can we come down hard with a big stick or stigmatize them. Also, we mustn't subject them to endless checks and inspections. It is hoped that leaders of the various levels may find qualified personnel, employ them in positions of importance and protect them all as a crucial step toward vitalizing the township enterprises in Jiangxi province. It is hoped that the leaders can create favorable environments in which the qualified personnel can display their abilities. At the same time, we also hope that all those qualified personnel possessing talent and ambition don't betray the times and their opportunity, and that they courageously enter the broad arena of township enterprise and produce stellar achievements.

13072

FOREIGN TRADE, INVESTMENT

MOFERT Official on Specific Measures for Reform of Foreign Trade System
40060286 Hong Kong CHING-CHI TAO-PAO
[ECONOMIC REPORTER] in Chinese
No 16, 25 Apr 88 pp 11-22

[Interview with Zhou Chuanru [0719 0278 0320], Director of the Import-Export Department of MOFERT by correspondent Xu Yuncheng [6079 0061 4453]]

[Text] On the afternoon of April 18th, the director of the Import-Export Department of the Ministry of Foreign Economic Relations and Trade [MOFERT], vice-director of this trade fair and director of the business office, Zhou Chuanru, was interviewed by our reporter. Director Zhou graciously answered questions raised by the reporter that are generally of interest in China and abroad concerning the acceleration and deepening of China's foreign trade reforms. He looked to the future evolution of China's foreign trade and made some predictions about export results of this trade fair.

Following is the content of this interview:

Deepening Foreign Trade Reforms

Question: China is now accelerating and deepening foreign trade structural reforms, and this is of concern to the foreign and domestic trade community. China has

been instituting foreign trade structural reforms for many years. The main elements of the acceleration and deepening of reforms are unknown to us. Will Director Zhou elaborate on this?

Answer: The essential elements of the accelerated and deepened reforms that have been implemented this year are "take responsibility for one's own profits and losses", "decentralize management", "link industry and trade" and "promote the agent system". However these four phrases are not of equal importance. "Take responsibility for one's own profits and losses" and "decentralize management" are the most crucial. This goal is to make a transition from the former "eating out of the same big pot" of foreign trade management where revenue and expenditures were government controlled to assuming responsibility for profits and loss. In this way, not only can we reduce our country's fiscal expenditure, increase revenue, and raise efficiency but we can also train the foreign trade community. According to the conditions of both the international and domestic markets, I feel that it is an opportune time to do away with the system of "eating from the same big pot."

Foreign Trade Firms Assume Three Targets

Question: How is MOFERT promoting the acceleration and deepening of foreign trade reform?

Answer: In order for the reform of the foreign trade system to proceed smoothly and achieve the above-mentioned objectives, MOFERT is taking many specific measures. The most important of these are: 1) All of the specialized foreign trade head offices and foreign trade local companies will assume responsibility for targets given by the government. The main targets are: First, export enterprises will accept an export revenue target to assure the development of foreign trade and the country's foreign exchange earnings to facilitate importing. Second, MOFERT will establish foreign exchange retention ratios for export enterprises, increasing the amount of foreign currency retained by the enterprise to encourage foreign trade enterprises to greatly expand exports. Under this regulation, all types of export enterprises, within the range of their contract to export and take in foreign exchange, will turn over 75% of the foreign exchange to the government, while the remaining 25% is retained locally or by the export enterprise to use. Third is a planned deficit target. That is to say, within the quota revenue of an export enterprise contract, the government establishes a certain deficit target giving export enterprises some leeway to maneuver. However, there are limits to a substantial deficit. If the deficit exceeds the established limit, the export enterprise will make up for it. According to the new regulations, when an export firm exceeds the contracted level of foreign exchange intake they can take a 20/80 ratio. Moreover of the amount in excess of the contracted amount, only 20 percent is turned over to the

central government. The specialized foreign trade companies and local branch companies can retain 80 percent. These policies will definitely not change for three years.

What is described above is just the general situation, but there are some differences in specific distribution of foreign exchange for individual industries. For example, last year the three areas of light industry, crafts and clothing conducted experiments in implementing "taking responsibility for one's own profits and losses," whereby foreign exchange revenues whether inside or outside the plan were allocated according to a 3/7 ratio, where 30 percent of the foreign exchange was turned over to the central government and the remaining 70 percent was retained by the export firms for their own use. For machinery, of the foreign exchange revenue taken in in excess of the contracted portion, the entire amount was given back to the export firm to allocate on its own, thereby encouraging machinery exports. For electronic products and automobile exports, the entire amount of foreign currency both under and above the planned portion was given back to the export firms for their own use, thereby encouraging electronics exports and automobile exports.

The Management of Import and Export Products After Reform

After the deepening of foreign trade reforms, the management of our export products will divide into three big groups, decentralizing management to the greatest extent possible. The first group of products, of which there are 21 types, includes bulk products, sensitive products, products related to the national economy and people's livelihood or products where the international market changes rather rapidly. Of these, rice, beans, corn, bean products, tea, cotton, drawwork, pearls, diamonds, refined oil, tobacco, coal, tungsten ore (including tungsten and tungsten alum), antimony (including oxidized antimony) will be jointly managed by trading companies and specialized manufacturing-trade companies, whereas cotton yarn, cotton dacron yarn, grey cotton cloth, grey cotton dacron cloth, raw silk and grey silk will be jointly managed instead by the specialized head company and branch companies. There are 91 types of products in the second category, but only authorized export firms can trade those goods.

The third category, including enterprises with other products, decentralized management, or that have foreign trade export rights, can manage exporting. In the area of imports, in principle the specialized head company should be the unified procurer in placing orders and management cannot be decentralized for the following categories: grain, steel products, chemical fertilizer, dacron, acrylic fibres, rubber, sugar, unrefined oil, refined oil which are needed in large quantity, are sensitive goods, and must be imported.

But the point that should be clarified is that what has been described above applies only to management labor distribution or to administrative management. For enterprises that need planning, have set quotas or are under licensing, they still must continue to be regulated. At present there are 275 types of products involved under set quotas or licensed management. Of these there are 151 types of products that are exported to Hong Kong and Macao that have set quotas or are licensed. However, as the reforms of foreign trade accelerate and deepen, gradually the number of products with set quotas or licensed management will be reduced in order to facilitate enterprise management.

Export Planning Divided Into Three Parts

Reforms of the system of foreign trade planning have also changed rather greatly. After promoting the deepening of foreign system reforms, export planning will be divided into three parts. First, for products managed under local contract, for the 21 types of products managed by the head company in coordination with local companies, and even for export products produced with foreign capital, these will all have a plan set by each province and city. Second, each foreign trade head office and specialized industry-foreign trade company also will set a plan. For example, for 15 types of centrally managed goods and 6 types of goods managed by the head company in coordination with the local companies, they will both make plans, implementing a two track system. In addition, each head office will have to plan in four areas such as: import-export trading with the Soviet Union and Eastern Europe, establishing Chinese companies abroad, managing cooperatively with local companies and making trade more flexible. As far as the management of other products, they will all implement a single track system, where the province or city contracts with the central government and the city and country contract with the province. However, the majority of provinces use the method where industrial enterprises take on sourcing of supplies foreign trade enterprises contract export revenue. Looking from this angle, the local area is also implementing double tracked management.

This Year Foreign Trade Is Operating in a New Climate

Question: This year, amidst taking measures to accelerate and deepen foreign trade reform, what new climate has been created?

Answer: We are just now discussing this matter. Recently we held a national export business meeting summarizing the situation to date of the implementation of the contract management responsibility system. Overall, promotion of the new system has gone smoothly, and even better than expected. Several new developments have appeared.

1) Everyone's understanding of foreign trade reforms is basically the same—all are supportive. Because the majority of people's thinking is similar, and their belief in reform is quite strong, people are enthusiastic and are taking initiative in implementing and carrying out the new system.

2) Local governments, more than at any time in the past, are paying attention to foreign trade, particularly in expanding exports. Because each province and city contracts with the central government and responsibilities are greater in order to fulfill or surpass the export quotas in export assignments, local governments are giving a great deal of support to expanding exports. Of central importance is materials support, including guarantee of supplies, provision of raw materials and distribution of electricity. There is also financial support. The local government, in order to earn foreign exchange, will give an appropriate subsidy on some products for which costs are too high and exporting is not cost effective. For new export products or exports that exceed the quota, a bonus is provided in order to stimulate foreign exports.

3) Since the localities can retain 80 percent of the foreign currency from the export revenue over plan, this has greatly raised enthusiasm of expanding exports, and each locality is actively striving to exceed the plan. Because of this, in the first quarter of this year, China's exports are in rather good shape, with a 14 percent increase over the same period last year. There has been a 15 percent increase over the same period last year.

4) All the contracting units from top to bottom particularly pay attention to economic efficiency. Without administrative orders they have basically solved the problem of high price panic purchasing and low price dumping. If they hadn't, contract export enterprises would suffer a loss. Moreover, it has caused export prices to approach what is reasonable, bringing benefits for management, capital utilization and reducing expenses.

There Are Still Some Problems To Be Solved

Question: The fact that China, in these three very short months of accelerating and deepening the foreign trade reforms, could have made such progress, is worthy of rejoicing. However, now that reforms are just now in the process of deepening, what problems still need to be solved in order to facilitate the development of reforms?

Answer: Even though we have made some progress in reforms, there are still some problems that we need to take steps to perfect. The main areas are:

1) We must smooth out the relationship between the new system and the old system, correcting or eliminating measures that are inappropriate for reform.

2) We must do everything possible to avoid the situation where, because of the contract system, there is a lack of communication and coordination between different levels. For example, there are enterprises with export management capability that have no source of materials, but other firms have materials but not export rights. This is a problem that must be prevented. In order to prevent this kind of situation we must strengthen cooperation and because of this, require the provincial and municipal economic trade committees to cooperate well and not neglect the problem. At present, the best management method is for production enterprises to contract provision of supplies and foreign trade units to guarantee foreign exchange earnings from export.

3) In the area of finance, we must establish a "foreign trade risk fund." In addition, we must establish a foreign currency regulation market, at the same time establishing more banks that handle currency transactions.

Why do we want to establish a "foreign trade risk fund"? The Chinese have a saying "save some for a rainy day". Now, when the foreign trade situation is good each local foreign trade company earning a profit should take a portion to establish a risk fund, so when the market is bad they can replenish and continue to operate.

Because there is a difference between the foreign exchange rate of the market and the allocated foreign exchange rate, in key cities it is necessary to establish a currency regulation market to facilitate foreign trade.

As far as increasing the number of banks conducting exchange transactions, such banks will strengthen competitiveness, eliminate monopolies, raise the transaction rate and thereby promote foreign trade development.

The Export Transactions Completed at This Fair Will Exceed Last Year

Question: Please discuss the future situation of foreign trade development.

Answer: China's reforms have had a very great promotional effect on the development of foreign trade. Because of implementing foreign trade reforms, every locale and every enterprise can export on its own—the number is not restricted. Moreover, the export enterprises get most of the benefits. With such good policies, each locale and each export enterprise is expanding exports. Therefore, if the international market does not change greatly, we predict that our country's foreign trade will develop quickly. Moreover, at present, the world economy is still growing slowly and the international market is still rather active. Add to that the health expansion of China's industrial and agricultural production, and this is all advantageous for our country's foreign exports. Therefore, I am optimistic about the future. Because of the above described advantageous factors, I predict that at this trade fair, export business may exceed the 4.27 billion dollar level of last spring's

trade fair. As far as the whole year's export trade amount goes, I predict that there may be some increase over last year's high export level of 34.6 billion dollars. 13422

ECONOMIC ZONES

Shenzhen 1987 Social, Economic Development Report

40060229 Shenzhen SHENZHEN TEQU BAO in Chinese 31 Mar 88 p 2

[Text] In 1987 Shenzhen adhered to the policy of opening to the outside world, accelerated and intensified reform, mounted the "double increase and double economy" campaign extensively, developed the export-oriented economy vigorously, and achieved fast steady economic growth. Statistically, the city's total social output amounted to 9.8 billion yuan, an increase of 32.1 percent over the year before, and the gross municipal product reached 4.45 billion yuan, up 25.4 percent.^{1,2} The municipal income was 3.45 billion yuan, up 26.4 percent. Progress was made in science, technology, culture, education, public health, and sports. Major problems in economic development were the failure of the construction of related urban facilities to keep up with development needs, sharp increases in the prices of some commodities, particularly non-staple foodstuff, a drop in the real wages of some workers, and the gap between management and economic development.

1. Industry

Capitalizing on the favorable opportunity presented by the international market, the industrial sector continued to intensify reform, enhance enterprise vitality, and develop export-oriented industries vigorously in 1987. The municipality's gross value of industrial output stood at 5.763 billion yuan, up 61.7 percent over 1986, including 4.99 billion yuan generated in the special economic zone [SEZ], up 60.4 percent. Of the city's gross value of industrial output, heavy industry accounted for 1.187 billion yuan and light industry, 4.576 billion yuan, increases of 73.6 and 58.9 percent, respectively, over the preceding year.

Industrial production funded by foreign capital grew 62 percent to reach 3.67 billion yuan, a substantial increase over 1986, or 63.7 percent of the municipality's gross value of industrial output. With major improvements in production technology, export-oriented industry chalked up rapid growth and a batch of technologically advanced export-oriented enterprises are now in place. A host of products, such as beverages, food, television sets, plate glass, marble, aluminum, and color printing plastics are now produced domestically to replace imports. In 1987, the municipality's industrial exports were valued at 3.07 billion yuan (including costs for processing using imported materials,) up 68.8 percent over 1986, and accounting for 53.3 percent of Shenzhen's gross value of industrial output, up from 51 percent a year ago.³

Table 1: Output Of Major Industrial Products

	1987	% Increase Over Year Ago
TV Set	1,280,900	69.0
of which, color TV	1,016,400	65.6
radio cassette recorder	17,074,000	278.4
radio	22,444,800	76.5
telephone	4,989,400	244.7
microcomputer	2,728	-58.8
mini-calculator	5,815,800	206.3
bicycle	412,900	192.2
watch	116,881,600	6.1
electric fan	2,480,100	272.4
cotton yarn	84,028,200 tons	98.8
chemical fiber filament	3,731 tons	—
printed & dyed cloth	66,547,100 meters	16.1
miscellaneous clothing	6,673,300 dozens	0.3
beverage	98,500 tons	61.8
cigarette	15,000 crates	44.2
mixed feed	349,500 tons	48.7
plastic goods	28,600 tons	74.0
paint	22,200 tons	174.1
cement	242,200 tons	29.5
plate glass	579,000 heavy/weight tons	—
aluminum	6,805 tons	22.3
refitted vehicles for civilian use	985 units	46.1

Within the industrial enterprise, reform to coordinate internal mechanisms was gradually intensified. The manager (director) tenure and responsibility-by-objective system, contracting, and leasing were under way. Enterprises were invigorated and economic returns were improved. Overall labor productivity reached 51,900 yuan, up 10.3 percent over last year.⁴ Profits and taxes went up and the number of money-losing enterprises came down. Product quality improved noticeably.

2. Agriculture

Agriculture continued to develop in the direction of intensive farming and became more export-oriented. To open up a new horizon for the rural economy, a major effort was made to develop township and town enterprises to carry out processing with materials provided so that they could "put both ends of the production process (the supply of raw materials and the marketing of products) on the world market." In 1987, total rural social output in Poan County amounted to 1.296 billion yuan, up 30.1 percent over 1986.⁵ Of this total, agricultural output made up 608 million yuan, up 45.1 percent; rural industrial output, 263 million yuan (including 106 million yuan in industrial output at the village level and below,) up 23.1 percent; construction, transportation, and commerce, 424 million yuan, up 16.8 percent. The exports of live agricultural by-products shot up, earning

\$98 million in foreign exchange, up 26.2 percent over the previous year. Villages all went in for processing with materials provided in a big way and income from conversion charges went up 23.4 percent over 1986.

In 1987 the municipality's gross value of agricultural output amounted to 284 million yuan (in constant prices), a gain of 13.7 percent over the preceding year.

The mix of crops was adjusted: 331,500 mu were seeded with grain, 32,400 mu less than last year; 84,500 mu with economic crops, a drop of 5,300 mu; and 185,200 mu with vegetables, an increase of 24,700 mu. Experimental agriculture too made new progress.

Output Of Major Agricultural Byproducts

	1987	% Increase Over Year Ago
Grain	85,500 tons	-7.5
of which, rice	80,100 tons	-9.3
Vegetables	160,000 tons	5.5
Fruit	18,200 tons	37.2
Sugar Cane	41,600 tons	10.3
Meat	33,900 tons	34.0
Milk	14,200 tons	10.9
Poultry Raised	19,557,800 heads	26.3
of which, poultry marketed	13,717,600 heads	22.9
Fresh eggs	805 tons	-31.1
Aquatic products	26,900 tons	13.7

3. Investment In Fixed Assets And Urban Construction

Capital construction revolved around the development of an export-oriented economy, the improvement of the investment climate, and the continued adjustment of the investment mix, emphasizing the acceleration of industrial, energy, communications, posts and telecommunications developments and infrastructural construction. Capital construction in 1987 was valued at 2.157 billion yuan, up 12.6 percent over 1986, including 1.149 billion yuan in productive construction, up 25.4 percent over 1986, or 53.3 percent of total investment in capital construction, up from 47.8 percent a year ago. A number of key projects—a plate glass plant, a cigarette factory, a chemical fiber factory, a rail overpass and related road work, Wutong Shan highway tunnel, the expansion of the handling capacity of the program-controlled telephone exchange system—were completed and put into service. Construction began on the Guangzhou-Shenzhen expressway, the deep-water ports at Mawan and Yantian, and other large-scale projects. With power plant B at Shajiao in operation, there is now adequate electricity for construction in the zone.

During the year, 6,424,800 square meters of buildings were under construction, down 16.7 percent from last year, and 2,405,800 square meters were completed, down 19.1 percent. Of the total completed area, factory

buildings accounted for 568,500 square meters; warehouses, 210,300 square meters; commercial and service buildings, 252,600 square meters; and residential housing, 895,800 square meters. Altogether 261 projects were completed and put into use, representing an increase of 1.339 billion yuan in fixed assets. The delivery rate of fixed assets was 62.1 percent.

Urban public facilities in the zone continued to be improved and coordinated. At year end, the total length of urban roads was 208 kilometers. After the railway overpass was completed and opened to traffic, the main highway in the municipality—Shennan Lu—became totally passable and urban traffic conditions improved markedly. There was a total of 465 kilometers of sewers and Shenzhen's daily sewage handling capacity was 45,000 tons. Total power supply for the year was 923 million kw, of which 478 million kw were consumed by industry, up 55.9 percent and 74.5 percent, respectively, over the year before. Running water supply capacity was 237,000 tons. For the year as a whole, a total of 85.63 million tons of water were supplied, an increase of 17 percent. The availability rate of liquefied gas was 85.9 percent.

New successes were scored in environmental protection and urban beautification and sanitation work. In 1987, 1,843 hectares of land were turned into parks or planted with trees, up 15.7 percent over 1986. With a tree cover rate of 36.3 percent, the municipality is green with shade trees, and flowers and grass intermingle. The urban roads are wide and clean. Shenzhen is considered one of the most sanitary cities in the province.

4. Transportation, Posts And Telecommunications

In 1987, the communications sector furthered reform and increased enterprise vitality, with notable gains in its ability to serve the economy and society. Altogether, 3,018,000 tons of cargo were handled by specialized transportation companies under the municipality and by the rail system, an increase of 9.1 percent over 1986. Of this, rail freight accounted for 1,013,000 tons, up 45.1 percent; road freight, 1,613,000 tons, down 4.7 percent; and water cargo, 392,000 tons, up 5.1 percent. The volume of cargo turnover was 1.248 billion ton/km, down 7.4 percent. The volume of passengers handled was 32,727,000 persons/km, up 5.3 percent, including 6,035,000 persons/km handled by rail, up 23 percent, 25,968,000 persons/km by road, up 1 percent, and 724,000 persons/km by water, up 76.4 percent. The cargo handling capacity of harbors reached 4,485,000 tons, up 58.6 percent. At year end there were 24 bus routes, 239 vehicles in the fleet of buses, and 3,516 miscellaneous taxis. Cab services improved significantly.

Posts and telecommunications made rapid progress, with increased facilities and better distribution of network points. Business transactions in 1987 totalled 48,797,000 yuan, up 85.3 percent over the preceding year. The total handling capacity of the telephone exchange was 67,900 channels, up 18.1 percent over last year. There are 51,400 telephones in the city, up 43

percent. With 396 international telephone lines, 58 more than in 1986, one could dial direct to 19 countries and regions. There were 527 domestic long-distance telephone lines, making possible direct calls to large and medium-sized cities across the nation. Telecommunications developed rapidly. At year end, there were 73 postal and telecommunications stations. The combined length of postal routes was 2,816 kilometers, which handled a total of 45,445,000 pieces of mail. Altogether 14,192,000 long-distance calls were handled, along with 1,946,000 telegrams.

5. Domestic Commerce and Prices

The commercial sector implemented the contracted management responsibility system and gradually perfected market mechanisms. Both selling and buying were brisk. In 1987, social retail sales totalled 3.349 billion yuan, up 17 percent over 1986 (or 1.5 percent after increase in the retail price index was factored in), including 2.937 billion yuan worth of consumer goods sold to citizens, up 17.8 percent, and 306 million yuan worth of consumer goods sold to social institutions, up 25.4 percent. Of the retail sales total, commercial retail sales constituted 2.635 billion yuan, up 10.3 percent, catering retail sales, 328 million yuan, up 48 percent, and retail sales from peasants to non-peasants, 311 million yuan, up 53.8 percent. State-owned enterprises continued to play a dominant role and accounted for 61.2 percent of all retail sales. Both sales and purchases in the state-owned commercial sector increased substantially. For the year as a whole, 6.887 billion yuan worth of commodities were purchased, while 7.495 billion yuan worth of commodities were sold, up 73.3 and 64 percent, respectively, over 1986. At year end, the value of commodities in stock was up 7.9 percent over a year ago. A comparison of the social retail sales of major consumer goods in 1987 and 1986: grain, up 26.9 percent; poultry, up 57.9 percent; pork, beef, mutton, up 67.3 percent; edible oil, up 29.4 percent; vegetables, up 9.7 percent; sugar, up 37.2 percent; fresh eggs, up 6.5 percent; cigarettes, down 3.2 percent; television sets, down 3.1 percent; radio cassette recorders, down 7.3 percent; refrigerators, up 42.1 percent; washing machines, up 51.7 percent; and cotton cloth, down 30.2 percent.

Commodity prices rose quite rapidly, with the consumer retail price index shooting up 15.3 percent. The breakdown of the index by commodity is as follows: food category, up 18.7 percent, which in turn could be broken down as: meat, poultry, eggs, up 15.4 percent, vegetables, up 45.3 percent, and aquatic products, up 23.5 percent; clothing, up 6 percent; articles of daily use, up 13.1 percent; recreational goods, up 14.4 percent; drugs and medical products, up 6.4 percent; fuels, up 2.9 percent. The worker's overall cost of living index went up 14.4 percent.

6. Foreign Economic Relations and Trade, Tourism

Shenzhen further expanded foreign economic relations, pushed foreign trade vigorously, and joined the great

international circle by importing and exporting on a large scale. In 1987, imports and exports hit \$1.414 billion yuan, up 94.8 percent over 1986. Oceanic trade increased and markets expanded. The trade deficit narrowed and imports were brought under effective control.

Shenzhen implemented the State Council's "Regulations On Encouraging Foreign Investment" in earnest and made fresh headway in the utilization of foreign capital. It attracted foreign capital to finance numerous productive high-quality projects. In 1987, 334 contracts were signed involving the utilization of 649 million yuan in foreign capital, up 26.3 percent over the previous year. Of this, foreign loans amounted to \$78 million, down 65.2 percent, and direct investment, \$567 million, up 132 percent. The amount of foreign capital actually utilized was \$404 million, down 17.3 percent compared to 1986, including \$274 million in direct foreign investment, of which industrial projects took up 89.8 percent.

The SEZ made steady progress in tourism in 1987, attracting 846,500 foreigners, Hong Kong and Macao compatriots, and overseas Chinese (excluding one day visitors), up 15.1 percent over 1986. Foreign exchange earned through tourism amounted to \$112 million, up 30.6 percent.

7. Finance, Banking

As its economy expanded across the board, revenues increased sharply, enabling Shenzhen to balance its budget and even come up with a surplus. Total government revenues rose 19.9 percent. The budget projected revenues at 875 million yuan, up 18 percent, including 780 million yuan in industrial and commercial taxes, up 18.9 percent, and expenditures at 697 million yuan. Shenzhen turned over 196 million yuan to the state treasury, an increase of 165 percent.

Banking reform was intensified step by step. Shenzhen was the first in the nation to set up a regional shareholding commercial bank of which the state, enterprises, and private individuals are all shareholders. A variety of methods were used to raise funds flexibly, enlivening the financial market in the zone. By year end, deposits of all kinds in state banks were up 34 percent and loans were up 30.2 percent. In 1987, the amount of money put into circulation was brought under control and the volume of cash issued dropped 44.1 percent. The foreign exchange management system was further reformed. A string of measures were taken to encourage the earning of foreign exchange. The operations of the foreign exchange market were vigorously developed. Enterprises were given strong support to export and earn foreign exchange. In 1987, total foreign exchange earnings rose 52.9 percent over the preceding year, including a 160 percent gain in foreign exchange earned through exports. The balance of incomes and expenditures was sound and there was even a surplus.

8. Education, Science, Culture, and Sports

Continuous advances were made in education. In 1987 Shenzhen had 2 institutions of higher education attended by 4,345 students, up 24.94 over 1986; 7 technical secondary schools, 2,868 students, up 32.35 percent; 43 regular secondary schools, 44,900 students, up 11.6 percent; 5 miscellaneous vocational secondary schools, 4,389 students, up 43.53 percent; and 255 elementary schools, 84,600 students, up 8.6 percent. School-age children attended school at a rate of 99.91 percent. There were 187 kindergartens, with a combined enrollment of 26,100 pupils, up 14.84 percent. Students at institutions of higher education for adults numbered 5,190, including 1,589 enrolled in the TV university.

Scientific and technological structural reform continued apace. Scientific achievements were translated into commercialized products at a faster pace. Sixty-three scientific and technical achievements were evaluated by scientific and technical departments above the municipal level, including 6 that reached the advanced level of similar international products, 25 that reached an advanced level within the country, 2 that filled a scientific gap in China, and 8 that reached an advanced level in the province. A host of private scientific and technical enterprises were founded, which would help disseminate and apply scientific achievements.

Cultural undertakings flourished with each passing day. In 1987, the municipality boasted 84 film-showing units, up 9.1 percent over a year ago, with a combined audience of 8.34 million people/times. There were seven artistic performing companies, joined by an ever rising number of artistic groups from the interior who staged performances in Shenzhen, thus strengthening cultural exchange between the SEZ and the interior. There were four public libraries in 1987. The press and TV broadcasting developed fairly rapidly. Literary and artistic activities of a mass nature were imaginative and diversified, enriching the people's cultural and spiritual lives.

Medical and health services continued to expand. In 1987, there was a total of 311 medical and health organizations in Shenzhen, including 34 hospitals with 2,309 beds. New successes were achieved in preventing and controlling all kinds of infectious and chronic diseases.

Significant developments occurred in sports. In 1987, the municipality successfully organized the gymnastics and artistic gymnastics finals for the sixth national games and other large-scale competitions including China's first special Olympics, the national table tennis tournament, the national bowling tournament, and the national youth model car competition. The standard of sports is going up gradually and sports of a mass nature is developing rapidly.

9. Living Standards

The incomes of urban and rural residents continued to increase. By year end, there were 322,800 workers in Shenzhen, up 24.8 percent over 1986, and 11,000 self-employed workers in the city and towns, up 18.36 percent. The average annual per-capita income among workers was 2,677 yuan, up 9.3 percent. The average annual per-capita net income among peasants was 1,097 yuan, up 22.7 percent. Social labor insurance was expanded.

A sample survey of 100 urban employees' families showed an average monthly per-capita income of 160.57 yuan for living expenses and spending of 159.30 yuan in 1987. But income increases were uneven between residents at different strata. Because of rising prices, the families of some residents experienced a decline in real incomes. By year end, urban and rural savings deposits amounted to 1.884 billion yuan, up 55.55 percent. Generally speaking, the living standard was improving gradually and law and order prevailed in society.

10. Population

Shenzhen population stood at 1,154,400 by year end, including 599,600 in the SEZ (including 286,900 permanent residents and 312,700, transients) and 554,800 in Poan County (269,100 permanent residents and 285,700 transients). Birth control work had an outstanding year. In 1987, the municipality's birth rate was 11.51 per thousand, the mortality rate was 3.28 per thousand, and the natural growth rate was 8.23 per thousand, down from 8.73 per thousand a year ago.

Note: Except for the gross value of industrial output and the value of industrial exports, which were calculated in 1980 constant prices, all other important output indicators in the communique, including the total social output, total rural social output, national income, and the GDP were calculated in 1987 prices.

Footnotes

1. Total social output is the sum of agriculture, industry, construction, transportation, posts, telecommunication, and commerce. National income is the sum of net output value of the above-mentioned five sectors.

2. GDP refers to the value of final products and services provided to society by the material productive and non-material productive sectors, not including the value of products and services consumed by intermediate units. GDP excludes income derived from abroad.

3. The value of industrial exports is calculated based on the principle of national territory. It refers to the value of industrial products that are cleared by customs for export.

4. In calculating the overall labor productivity, we include enterprises managed by the county and above, including state-owned, collective, and foreign-funded enterprises.

5. Total rural social output includes the total output value of agriculture and of collectively and privately owned rural industries, construction, transportation, and commerce.

12581

LABOR

Relationship Between Enterprise Law, Labor Unions

40060309a Beijing GONGREN RIBAO in Chinese
10 May 88 p 2

[Article by Li Zheng [7812 1767]: "The Enterprise Law Opens Up Wide Prospects for the Work of Enterprise Labor Unions"]

[Text] For a long time, clear legal backing and legal provisions have been lacking to answer such questions as what position do enterprise labor unions occupy in their enterprises, what is their status, what role are they to play, and what kind of relationship exists between the unions and the enterprise administration. Everybody was free to go his own way according to his own understanding of certain policies, directives, and statements received from higher ranking departments. In this way, it was of course very difficult to have enterprise labor unions fully exercise their role. These problems have been basically solved by the promulgation and implementation of the Enterprise Law.

1. Clarification of the Position and Status of Enterprise Labor Unions

Article 11 of the Enterprise Law prescribes: "The enterprise labor union represents and protects the interests of staff and workers," and "The enterprise labor union is to organize staff and workers' participation in democratic management and democratic supervision." Article 51 prescribes: "Working organ of the staff and workers' representative assembly is the labor union committee in the enterprise. The enterprise labor union committee is charged with the day-to-day work of the staff and workers' representative assembly." That means, the status of the enterprise labor union is quite clear. It is representative of the interests of the whole complement of staff and workers in the enterprise and is organizer of democratic management in the enterprise. By acquiring a legal status of this nature, the question of the enterprise labor union's position in the enterprise has been solved. The enterprise labor union is no more a specific work department of the enterprise party organization, and also no more a subsidiary body attached to the administrative or technical offices of the enterprise administration. In the future, the plant director, as legal representative of the

enterprise, exercises according to law the managerial powers granted him by the government department in charge, while the labor union, as representative of the staff and workers in the enterprise, according to law, protects the interests of all staff and workers, so that both have their particular responsibilities, and should closely cooperate and work together for the success of the enterprise. There are no further grounds to assert that the labor union is something one can also do without.

2. Strengthening the Role of the Enterprise Labor Union

For many years, opinions have differed about the role of enterprise labor unions. Some have suggested that their role is in the field of livelihood and welfare, to issue movie tickets, manage the eating hall, the children's day-care center. Some have suggested that they are like utility men, doing any job which the party organization or the administration asks them to do. The Enterprise Law says something quite different in that it makes very high demands on the labor unions: (1) The Enterprise Law prescribes quite clearly that since the state assures the staff and workers their status of masters, the staff and workers should work with the attitude of masters of the state. The enterprise labor union, as representative of staff and workers, has of course the unshirkable responsibility to continuously inspire and bring into play the enthusiasm of masters, and thus has to play an important role. (2) Representing and protecting the legitimate rights of staff and workers. (3) Effectively perform all work of the staff and workers' representative assembly, organize staff and workers' participation in democratic management and democratic supervision. (4) Participate in building socialist spiritual civilization in the enterprise, build up a work force of staff and workers imbued with ideals, with a sense of morality, with culture and with discipline. All these demands are greatly enhancing the role to be played by the labor unions.

3. Correct Determination of the Relation Between Enterprise Labor Union and Plant Director

Article 11 of the Enterprise Law clearly stipulates: The enterprise labor union operates in independence and with the right of self-determination. Article 46, furthermore, prescribes that the plant director should support the work of the labor union. That means that the relationship between labor union and plant director is not one of leader and being led, but one of cooperation on an equal footing. In the future, the labor union has the right to decide independently and on the principle of self-determination the patterns of its duties and activities, according to the actual needs of the enterprise and according to the will and demand of the whole complement of staff and workers. This will play an extremely important role in strengthening the link between the labor union and the entire complement of staff and workers.

In this connection, there is one question that must be carefully noted by cadres of the enterprise labor unions, namely the need to have comprehensive knowledge and understanding of how to protect the interests of staff and workers. In an enterprise, the protection of the interests of staff and workers must comprise two aspects. First, protection of the common interest, also the most important interest of the entire complement of staff and workers, is work to increase the vitality of the enterprise, raise profits of the enterprise, and ensure that the enterprise will not falter in the commodity economy and in the competitive environment. Second, protection of the day-to-day and personal interests of the individual staff and workers. These two aspects are closely linked and mutually beneficial. If the enterprise does not do well, it will not survive, and the interests of the staff and workers would dry up. On the other hand, if the normal personal interests of staff and workers are encroached upon, if no solution is arrived at in problems which should be resolved, it would dampen the enthusiasm of staff and workers, and there would be no motive force to keep the enterprise going. Comrades in the enterprise labor unions must be apt at maintaining the "measure" between the interests of the enterprise as a whole and the day-to-day personal interest of all staff and workers, so that the labor union may fully exercise its role in both respects, to the satisfaction of the administration and the welfare of the masses.

The Enterprise Law is opening up broad prospects for the work of enterprise labor unions. At the same time it makes very high demands on enterprise labor unions. It must be realized that in our labor union organizations themselves there are still many things which are incompatible with these demands. The many workers in our enterprise labor unions must exert great efforts to improve their own quality, must study economics, study management, enhance their ability to participate in the decision-making process, and at the same time effectively execute reforms in the labor unions themselves, strengthen the labor unions' capacity to unite the masses of staff and workers, and have the enterprise labor unions duly contribute toward the implementation of the Enterprise Law.

9808

Protection of Laborers' Rights, Benefits
40060311a Beijing GONGREN RIBAO in Chinese
12 May 88 p 2

[Article by Guan Huai [7070 2037]: "Ensuring Staff and Workers Their Position as Masters, Protecting the Legitimate Rights and Benefits of Staff and Workers"]

[Text] For a long time it has been said that staff and workers are masters of the enterprises. However, the position of staff and workers as masters was never clearly stipulated in law. When the Enterprise Law was formulated, the vast number of our staff and workers fervently hoped that their status as masters would be clearly stipulated in the Enterprise Law, and that their legiti-

mate rights and benefits would be protected by law. Now, this one wish of the vast number of staff and workers has been fulfilled in the Enterprise Law. This is bound to greatly stimulate the enthusiasm of staff and workers, and vigorously promote the development of production.

1. Enthusiasm and Creativity of Staff and Workers Are the Fountainhead of Enterprise Vitality

Man is the most active and most dynamic element among the productive forces, even a modern robot cannot perform without human control. Enthusiasm and creativity of staff and workers are, therefore, the fountainhead of the vitality in enterprises. However, it has also to be recognized that enthusiasm of staff and workers depends decisively on their position within the production relations.

Ownership of the means of production is the foundation of social relations, which determine the position and mutual relations of men in social production. Under the capitalist system, the capitalist system of ownership of the means of production allows the capitalist to control the means of production, and labor is a trade commodity, so that staff and workers become slaves who have to endure every whim of the capitalist, while the capitalist is the master of the enterprise, a situation which is bound to adversely affect the enthusiasm of staff and workers. Under the socialist system, there emerged a system of public ownership of the means of production, and the workers became masters of state and enterprises, which created favorable conditions for the fullest display of enthusiasm and intelligence by staff and workers. But it has also to be realized that in enterprises owned by the whole people, decision-making positions and positions of administrative management will be assumed by only a few as managers. This social division of labor has some staff and workers lose the feeling of being themselves in the position of masters. Some staff and workers say: "Plant director manages workers, workers attend to work, plant director issues orders, and the workers work non-stop." The workers lack any feeling of being masters of the enterprise. Their failure to have awareness of being masters, adversely affects the display of a full measure of enthusiasm. It is therefore necessary in order to raise the production enthusiasm of staff and workers in enterprises owned by the whole people, to affirm the status of masters of staff and workers and to earnestly foster their awareness of being masters.

2. Establishing in Law the Status of Masters for Staff and Workers

When establishing the status of masters for staff and workers, it is necessary to highly value the function of law. In the laws of some socialist countries, there are provisions to that effect. For instance, the "State-Run Enterprises (Joint Corporations) Law" of the Soviet Union of 1987 prescribes: "The labor collective is the master of the enterprise." In the past, China has never had legal provisions to that effect, but now the Enterprise Law clearly states in its General Provisions: "The state

guarantees its staff and workers the position of masters." The fact that staff and workers are indeed in the position of masters has thus been elevated to the level of law, which is immensely meaningful. As to the vast number of staff and workers, this has been beneficial in fostering in them an awareness of being masters, in having them, with the attitude of masters, feel concern for the enterprise, and in having them take good care of the enterprise, as well as fully arousing the enthusiasm of all staff and workers. As to the administrative leadership of the enterprise, they too are masters of the enterprise, but in their function as managers, they must also respect the position of staff and workers as masters. In this way it will be possible to achieve what the report at the 13th CPC National Congress expressed as follows: "Link up the management authority of the business operators with the staff and workers in their position of masters to come together as one and create a new form of relationship of mutual reliance and cooperation between business operators and producers."

3. Protection According to Law for the Legitimate Rights and Benefits of Staff and Workers

China's constitution lays down rights and obligations of its citizens. This applies to all citizens, and specifically also to staff and workers in enterprises; what rights do they enjoy? What are the rights that staff and workers are personally most closely concerned about? To have staff and workers acquire a clearer concept of their position as masters, it is necessary to determine specifically the rights that staff and workers enjoy. In this respect, the provisions of the Enterprise Law are absolutely correct. The law prescribes that staff and workers shall enjoy the right of participating in democratic management and shall have the right to report actual conditions to state organs, also the right to present criticism and file accusations against leading cadres in enterprises. Through staff and worker participation in management and by their exercising supervision, they will be gaining a greater awareness of actually being masters of the enterprises. The law also stipulates that staff and workers shall enjoy labor protection, labor insurance, rest time, vacations, and the right to remuneration for their labor. All this will give staff and workers a feeling of having their social position elevated, and a feeling of being themselves well taken care of by the state. They will feel more fervent love for work and greater concern for production; they will raise work productivity and increase profits. The law also prescribes that female staff and workers shall enjoy special labor protection, which will have female staff and workers work with greater production enthusiasm. With all these provisions concerning the rights of staff and workers, the legitimate rights of

staff and workers are protected under law, and their position as masters is now no more an empty idea. With their position as masters protected in law, and with their legitimate rights and benefits protected in law, the vast number of our staff and workers can now fully function as a main force in the socialist construction.

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AGRICULTURE

Anhui Fertilizer Supplies

40060335d Hefei ANHUI RIBAO in Chinese
15 May 88 p 1

[Excerpt] As of the end of April, the supply and marketing system in Anhui Province had 1,042,000 tons of chemical fertilizer and 2,478 tons of plastic film for farm use in stock, increases of 50 percent and 110 percent respectively over the same period in 1987. From January to April, fertilizer sales increased 6 percent over the same period in 1987, but plastic film sales dropped 6.8 percent.

Gansu Spark Plan

40060335b Lanzhou GANSU RIBAO in Chinese
23 May 88 p 1

[Excerpt] From 1986 to 1987, Gansu Province invested more than 62 million yuan in 287 'spark plan' projects. In 1988 Gansu will invest more than 67,500,000 yuan in 116 projects.

Hebei Vegetable Area

40060335a Beijing JINGJI RIBAO in Chinese
16 Jun 88 p 2

[Excerpt] According to a survey of Shijiazhuang, Tangshan, Qinhuangdao, Handan, Xingtai, Baoding, Zhangjiakou, Chengde, and Cangzhou cities, Hebei Province the vegetable area totaled 227,000 mu in the first quarter of 1988, a decline of 4.4 percent from the same period in 1987. At the end of the first quarter, the total population of the 9 cities had increased 1.8 percent over the same period in 1987 and the per capita cultivated vegetable area had declined 6.1 percent from the same period in 1987.

Ningxia Afforestation

40060335c Yinchuan NINGXIA RIBAO in Chinese
6 May 88 p 1

[Excerpt] As of 22 April, Ningxia had afforested more than 155,000 mu. In addition, fruit trees were planted on more than 40,000 mu.

Ministry Circular Bans 'Illegal Videotape Playing'
*OW1706043988 Beijing Domestic Service in Mandarin
0930 GMT 14 Jun 88*

[Text] The Ministry of Radio, Film, and Television recently issued a circular calling for further strengthening of control over audio and video tapes, and resolutely banning illegal videotape playing.

The circular says: It is understood that control over audio and video tapes in various localities has been in varying degrees of confusion since February this year. Some departments approved the establishment of videotape playing centers without authorization and in violation of relevant regulations. Some units and individuals are openly engaged in videotape playing for profit without permission. Thus, videotape playing centers have gotten out of control, and the tendency is that more and more such centers may be set up. What is particularly serious is that, in defiance of relevant rules and laws, some videotape playing centers have dubbed and played a lot of videotapes that have been illegally imported from abroad in order to make a profit. Many of them are obscene tapes banned by formal decree.

The circular says: The General Offices of the CPC Central Committee and the State Council in August 1985 issued a circular banning commercial playing of videotapes and strengthening control in this regard. To avoid further confusion in this respect, party and government leading bodies in more than 20 provinces, autonomous regions, and municipalities directly under the Central Government recently reaffirmed this circular. The Ministry of Radio, Film, and Television holds that it is absolutely correct and necessary for such leading bodies to do so.

The circular points out: Videotape playing is an important means with which to conduct propaganda and education, to disseminate scientific and technological knowledge, and to enrich the cultural and recreational activities of the masses. It must not be regarded as a means to make money, and no one must be allowed to go one's own way in defiance of the law and discipline. Radio, film, and television departments at various levels must conscientiously perform the duties assigned by the Government and strive to exercise effective control over audio and video tapes as they do with the radio, films, and television. Now, they should resolutely confiscate audio and video tapes dubbed without permission and ban all illegal videotape playing. Those who are discovered playing reactionary or obscene videotapes must be reported to the public security and judicial departments for punishment according to law.

Legal Aspects of Country's Political Culture Discussed

*40050268b Shanghai WEN HUI BAO in Chinese
1 Apr 88 p 3*

[Article by Chen Hansheng [7115 3352 3932] and Yang Guangwei [2799 1639 0251]: "Reflections on China's Tradition of Legal Culture"]

[Excerpts] Beginning with the "Classic of Law," a "compilation of the laws of all countries," by Li Kuei in the

Warring States Period down to the "Code of the Qing Dynasty," the developments of over 2,000 years shaped a legal system with a clear and precise evolution and with its own national characteristics. This feudal legal system although after the Opium War following the changes in the social character and the intrusion of Western capitalist legal systems gradually disintegrated, but as a cultural tradition, and as a legal awareness that had deeply penetrated into the minds of the people, it has also deeply influenced the development of China's legal system in modern times and today. Based on these fundamental ideas, scholars have through the ages and from various angles conducted discussions of this traditional legalistic culture.

China's traditional culture grew up on the foundation of a natural economy, "agriculture makes up the state." This self-sufficient natural economy engendered a clan system of a social hierarchy with the family clan as basic unit and blood relationship as bonds, and furthermore provided the soil of the whole vast country for the formation and development of a social system (which includes the legal system) characterized by the centralized power of an autocracy. The legal culture of feudalism has indeed grown up under these special historical conditions and formed its own peculiarities. This is most evident in the areas of legislation and administration of justice: The emperor is the highest legislator and judge; Confucianist thought provided the principles for legislation and the administration of justice. The feudal law codes were compiled in a way that made no distinction between civil and criminal law and that treated all law as one entity. The classical law codes were often supplemented or restricted by other legal forms. The law of the family clan occupied an important position in the feudal legal system, and the judicial authority was constantly impeded by the administrative authority. These special characteristics are not only reflected in the feudal legislation, administration of justice, and observance of the law, but also influences the psychological make-up of the people, so that the legal awareness of the people and this kind of traditional law awareness were transmitted through generations and accumulated as a sediment as a fixed national psychology. Up to the present, we still feel the existence of this tradition's inertia. Its negative aspects have given present socialist legal system construction a huge hampering role, mainly manifested in the following few aspects:

Someone's Word, Someone's Power Takes the Place of Law

Chinese feudal society is characterized by autocracy, the emperor's power was the highest power in the land, the sovereign's word was law. For this reason for generations the rulers have used the forms of imperial edicts, sanctions, orders, and decrees as the most important forms of law, and became the most important sources of law, and the codified law retreated to second place. The sovereign at the same time had control of the highest judicial power, which gave rise to the system of direct appeal to the emperor, and the constant gain of status of the the

censorate, and the court of censors, as well as the system of requiring a memorial to the throne in cases of death sentences. The purpose of having the sovereign assume highest legislative and judicial authority was to strengthen the sovereign's control over all political power, and by means of the law protect the political system of feudal autocracy. Apart from the emperor, there were "small potentates" in the various regions, who, in reliance on the power they wielded, did as they pleased with no consideration for the law. If one says that phenomena like these, the priority of power over law, and having law outside of law, are natural developments of a feudal society, then the pernicious influence of it that still seem to be around today must be ruthlessly stamped out.

The Concept of Special Privileges for Certain Classes

Feudal law is permeated with the spirit of "propriety," the special character of which is that "law has gradations." Feudal law prescribed that the bureaucratic nobility shall enjoy certain privileges within law, which is the system of the "Eight Instances," and if any of their family committed a crime they could apply such forms as requesting a stand-in receive the punishment, a reduction in severity, or an outright pardon to escape legal responsibility. These ways of unequal application of the law have indeed to this day not yet been eliminated.

Administration in Charge of the Judiciary

A special feature of the judiciary in feudal society was that administration and judiciary were one and same, so that the head of the administration also was in charge of the judiciary and adjudication, and the administration officials were also judges. After the reform of the judicial system at the end of the Qing Dynasty, although established independent judiciary organs, but true independence of the judiciary could never be implemented. Even today there are still people who believe that a powerful highly placed official can at will interfere in judicial processes. Some particular leading cadres do not respect the resolutions and decisions of the organs of state power and are willfully interfering in the normal work of the judicial organs, forcing the judiciary organs to act according to their own intentions, willfully change or refuse to execute law court decisions, or willfully transfer away judicial cadres who act impartially, or willfully decide on the arrest or investigation of citizens. This disregard for the seriousness of the socialist legal system is to a certain extent the result of having been exposed to the influence of the malpractice of the administration interfering in the judicial.

Regarding Punishment as More Important Than the People

Feudal law codes were compiled in a way which placed primary emphasis on punishments, and combined all law into one single collection, a method which is the unavoidable result of the feudal natural economy and of

the system of autocratic rule. Criminal and administrative law with protective functions was therefore fairly complete, but important regulatory functions, such as civil and commercial rules and regulations were not developed. Because we have for a long time emphasized "take class struggle as the key link," we have attached importance only to the protective functions of the law and neglected the regulatory functions of law within the whole, which is concretely manifested in the particular stress on criminal law and all legislation and propaganda related to criminal laws and regulations. This has resulted in the following viewpoint among the people: The core of the socialist legal system seems to be criminal law, but not the constitution. This has been the primary reason for the weakness of legal system concept as a whole. Speaking of presentday conditions, perfecting economic law, administrative law, finance law, labor law, civil law, etc. strengthening an equal rights legal adjustment, is the important task of ensuring economic activity and the socialist commodity production.

The Law of Our Forefathers Must Not be Changed

In the feudal society, in whatever era, as soon as law and a legal system had taken shape, almost all emphasized the principle "the law of our forefathers must not be changed." This is really the result of being influenced by the system of feudal clan law and the viewpoint that "Heaven does not change, nor does 'moral order' change." However, law is superstructure, and transformation of the production relations inevitably induces transformations in the legal system. In the wake of social developments, of necessity demands that the law of our forefathers be changed accordingly. The historical political reforms of Shang Yang and Wang Anshi are proof. However, these political reforms finally ended in failure, for the reason that they met the opposition of the old forces that rigidly adhered to the principle of "the law of our forefathers must not be changed." Among them were those of the upper level who benefited from it as lower strata who had been accustomed to it. This kind of traditional concept has for a long time imprisoned people's thinking.

Negative Concept of Obedience to the Law

For several thousand years, due to the influences of the emperor is tops and clan law and patriarchal system, the common people only had the obligation to obey the law, but were very seldom able to obtain protection of any of their rights and interests from the law. Even the "Imperial Constitutional Outline" at the end of the Qing Dynasty, the "freedoms of speech, writings, publishing, assembly, and association" of the subjects can "only be freedoms" within the confines of the law. The emperor had the right to withdraw these freedoms by imperial edict at any time. As a result the legal concept of the masses is one of "there is no compassion in the king's law, all you have to do is to obey orders." All hope would have to be placed on an enlightened sovereign and lord of outstanding character, and on honest and upright

functionaries. Any use of the weapon of the law to protect one's own rights and interests was quite out of the question. This traditional concept of law must be radically changed.

Neglect of the Study of Legal Theory

Study of jurisprudence in feudal times sometimes rose and sometimes fell. Viewing the situation as a whole, we see that the rulers emphasized judicial action and neglected the study of legal theory. The principle of the Qin Dynasty, "taking an official's word as fact" stifled the "Let a hundred schools contend" atmosphere that has been created in the Warring States period. Study of legal theory in the Han Dynasty was for a time flourishing but only limited to using the Confucian classics to interpret the law. Although in the Wei and Jin Dynasties produced famous scholars of law, such as Zhang Pei, and their writings, but the period was shortlived. Since there was no systematic study of legal theory, it was not possible to analyze the essential character of law. It created a legal culture which lacked the capability of absorption, manifested a stifling phenomenon and immutable pattern. This is also the fundamental reason why later the Western legal culture finally was absorbed by the traditional Confucian legal culture.

9808

Symposium on Educational Theory, Initial Stage of Socialism

40050269b Beijing GUANGMING RIBAO in Chinese
11 May 88 p 3

[Article by Zhang Juling (1728 1565 7881); "All-China Symposium on Educational Theory in the Initial Stage of Socialism Convened in Henan Province"]

[Text] The All-China Symposium on Educational Theory in the Initial Stage of Socialism, organized by the All-China Educational Science Study Association, was held from 17-22 April in Zhengzhou, Henan Province. The symposium was attended by more than 100 professors and lecturers in the field of educational theory, as well as by teachers and graduate students, from 28 provinces, municipalities, and autonomous regions. Based on the theory of the initial stage of socialism as defined at the 13th CPC National Congress, the symposium engaged in an extensive discussion from the educational point of view of the relationship between commodity economy and education, with due consideration of the special features and nature of education, also of the introduction of a competitive system into education, as well as of the question of moral education in the initial stage of socialism.

The nature of education in the initial stage of socialism, what are its special features? Some specialists believe it entails four factors: First, a low starting point. Compared with the advanced countries of the world, China's education still stands at a level where wider dissemination

among the population is needed. Dissemination is, furthermore, of a low degree; there are too few schools, and their quality needs to be improved. Second, uneven development. We have, on the one hand, institutions of higher learning and educational facilities that are up to the highest world standards, and then, on the other hand, the world's most primitive and most crudely equipped schools. Third, compared with industrially developed countries, the point of emphasis in our education is still in the countryside. Fourth, insufficient funds for education. Other opinions expressed were to the effect that education in the initial stage of socialism, although still not yet fully developed, must be of the category of modern education, which means it must fully show a democratic nature by affording equal opportunities and by occupying a strategic position in the national economic development. The state should, therefore, attach a great measure of importance to education, not only in publicly expressed opinions, but realistically by increasing the share of educational investments in the aggregate national economic expenditure.

Specialists pointed out at the symposium that educational ideology is a thing quite different from political, cultural, or religious ideology. In the past, it was emphasized that education was part of the superstructure, and was to serve as foundation for the economy, so that it happened that politics would strike out at vocational work and that labor would take the place of instruction. Education is also not a productive force, but a process of reproduction and recreation of the human being itself; it develops an indirect relationship with the productive forces. In modern society, education has, therefore, an insuperable link with commodity economy. The law of supply and demand in commodity circulation, the law of exchange at equivalent value, and the law of competition, all unavoidably play a role in the laws governing education and in the talent market. Education must not merely passively conform to the commodity economy, but must actively handle its affairs according to economic laws. Some comrades did not agree with this viewpoint; they believed that education must primarily consider the social benefits. In most areas of education (for instance, in middle school and elementary school education) there is no supply and demand relation, the school principal is not a plant director, teachers are not commodities, schools are not factories, and those who have received an education are not productive forces. Education must, therefore, need not consider economic benefits. Some of the specialists pointed out, whether teachers, knowledge, and talent are commodities is determined by the presence of two conditions: first, whether they have value, and second, whether they can be exchanged. Studying the relation between the commodity economy and education must not start out from mere concepts, but must start out from the reality of the initial stage of socialism. They believe the law of exchange in a commodity economy should be introduced into the area of education, talents should circulate, the value of teachers and social status can only be truly

raised in a process of circulation. The method of applying administrative measures to pin down teachers and not allowing them to circulate is actually smothering the value of teachers and smothering any effort to raise their status.

On the question of introducing a competitive system into education, the symposium pointed out: It is absolutely necessary to introduce a competitive system into education. Specialists pointed out that the existence of the commodity economy in the initial stage of socialism, and the phenomenon of competition that accompanies commodity economy, are facts that cannot be doubted anymore. They believe introducing a competitive system will increase the inherent vitality of the schools, spur on schools, teachers, and students to efforts to improve themselves, as it will also improve the structural elements of schools, accelerate the process of opening up at the schools, and promote cooperation and linkages between schools, as well as between schools and enterprises. Several other comrades expressed the opinion that although competition can undoubtedly be introduced, it must be instituted on an equal and well coordinated foundation. Any method of allowing the better ones to suppress the worse ones, or to push each other out of the way, should obviously not be permitted in education during the initial stage of socialism. We must therefore oppose unhealthy tendencies in competition.

Moral education in the initial stage of socialism was another topic of intense debate at the symposium. Some comrades said moral education in the initial stage of socialism must be beneficial for the full development of individuality and creativity in students. They believe that education in the initial stage of socialism must pay more attention than education under any other systems throughout history to the nurturing of persons with unique creativity and distinct individuality. Specialists pointed out that to conduct effective moral education in the initial stage of socialism we must create the most beneficial conditions in macroscopic respects. Only if the style and conduct of party and people, and the mood of society, are proper and correct, can there be effective moral education. Without these preconditions, by merely relying on moral education at school, we cannot possibly nurture talents with a full measure of spiritual culture. Some comrades expressed the opinion that macroscopic conditions are important, but that we must not think that because these conditions are still not ideal, moral education is ineffective. We must emphasize the role that the spirit plays, and must accept as standard in nurturing talents the combined development of five elements, namely moral character, knowledge, physical fitness, esthetic sense, and commitment to work. Some opinions were expressed at the symposium regarding the debate in some cities as to whether "moral education raises the red flag, or raises a multicolored flag." One opinion was to the effect that moral education is indeed raising the red flag and not going in for something wishy-washy, and must not raise a multicolored flag.

Another opinion was to the effect that man and man's ideas, his nature, aspirations, and desires naturally show many hues and colors; we must not simply liken them to either a "red flag" or a "multicolored flag." To discuss moral education with these criteria is not scientific. They thought the discussion should be conducted in concrete terms, and that there is no place for literary technique to describe the serious and complex matter of moral education.

9808

Life, Situations of Youths Studying in Japan
40050268a Shanghai WEN HUI BAO in Chinese
20 Mar 88 p 4

[Article by Ji Ping [0679 1627]: "Looking Behind the 'Study in Japan Fad'; Interview With Several Japan-Returned Students"]

[Excerpts] In the last 6 months, the Japanese Consulate in the southwestern district of Shanghai has become a hot spot of attention and discussion for many students with intentions of studying abroad, and the formerly desolate doorway of the consulate sees crowds like in a marketplace. This reporter had it under observation for about 1 hour, and six or seven youngsters with happy expressions on their faces emerged.

Differing from this scene of bustling excitement and with expressions quite different from these happy faces, this reporter interviewed several youths who had returned from Japan. On being repeatedly assured by this reporter that their names and addresses would not be disclosed, they revealed some of the conditions they encountered in Japan.

As this writer knows, the mussels, which had caused the recent outbreak of hepatitis A epidemic, had also infected some Shanghai youths who went abroad last December and this January. Because they had eaten mussels at home, they came down with hepatitis abroad and some, with tears in their eyes, finally committed suicide! That is of course highly undesirable, but if a person in Japan has no sources of support and only depends on casual work every day, selling cheap labor to support himself, a sickness is really absolute disaster.

How, then, are strong and healthy youths faring in Japan? Student B told it in four words: extreme difficulties and hardships. He said, students who in recent years went to Japan on their own expense, find themselves usually in one of the following situations: 1) If they cannot speak Japanese and have no special skills (e.g. mounting paintings, massage, acupuncture and moxibustion, cooking), they can only work as casual laborers and earn 600 yen an hour. 2) If they have some skill, they can earn between 1,000 to 1,200 yen an hour, but jobs of this kind are difficult to find. A second-rate cook from a Shanghai hotel has already been in Japan 7 months, and though he has paid quite some fees to employment

agents, he still has not been able to find a job as cook in a Japanese restaurant, but is merely dish-washing in several places. 3) Persons with good command of Japanese, also familiarity with Japan's economy, can hope to be employed in Japanese enterprises with comparatively good pay. 4) Persons with good command of Japanese and relatives doing well in business in Japan can hope to be employed in good positions, but this type is very rare among our students. The overwhelming majority of our students in Japan, therefore, struggle along, earning 600 yen per hour. People in China may say earning 600 yen per hour and working 10 hours per day, adds up to 6,000 yen, or 180,000 yen per month. Isn't that very good? But how do they know that over there, there is a constant increase in people selling unskilled labor at a cheap rate. Competition for these 600-yen per hour jobs is also growing fiercer. Many students pay for transportation on their search for dish-washing jobs in rather remote places, only to come back disappointed, not even able to recover what they paid for transportation. Even if they are lucky enough to get a job, it would only be washing dishes for 3-4 hours. Those who can work 8 hours for 20 days a month are extremely rare. Besides, the work load is very heavy. Speaking only of dish-washing, it means standing at the basin and receiving loads of dirty dishes, soon to be completely tired out and gasping for breath. By pretending to tie a shoe lace, one may once in a while be able to bend down and take a breath, but then it is back again to work. Some have compared studying in Japan with serving in a "collective farming group", but actually the hardship of their work cannot be compared with the way time is frittered away in idle chatting in a "collective farming group". Working daytimes and studying in the evening is a stressful way of life that generally results in some sickness. A few female students, unable to stand this life of hardship any longer, would end up in the red-light district, and, concealing their identities, work as "entertainers." But when they send money to relatives in China, the relatives may even think the girls live the life of aristocrats! The girls have no one to tell of the hardships they suffer. This kind of spiritual suffering is really too much.

9808

Letter Tells Anxieties, Parental Pressure on Elementary, Secondary Students
40050269a Beijing GUANGMING RIBAO in Chinese
24 Apr 88 p 2

[Reader's letter from Cui Yong [1508 0516], first grade, second class, High School for Children of Yangzhuang Mine, Huabei City: "High School Student Cui Yong Pours Out His Inner Feelings; 'Three Great Anxieties' of High School and Elementary School Students"; first paragraph is GUANGMING RIBAO introduction]

[Excerpts] Editorial Note: In his letter to the editorial department of this paper, student Cui Yong said: All of us students felt boundless grief when we read the news of the death of Xu Xiaopei [0521 1115 5952]! And that he was entrusted by his classmates to write this article. The

overflowing feelings of anger and resentment expressed by Cui Yong are felt among many high school and elementary school students throughout the country and should receive the concerned attention of schools, parents, and all sectors of society.

Usually, when I sigh a loud "ai-yah," my parents will reprimand me: "You youngster, you have no worries about food and drink, you live and study under the best conditions, what do you have to worry about?"

It is true, in a person's life, youth is the golden age without worries, and without cause for anxiety. But do my beloved parents, my teachers, uncles and aunts indeed know that we high school and elementary school students indeed have "many anxieties"!

All parents wish with all their heart for their sons to grow into good men, and in our early days you gave us a "golden head-band charm" to wear, this is one anxiety. The earliest items of information that we keep in our "storage organ" is "Mengzi's mother teaching her son," and "grind an iron pestle into a needle", and other such maxims and stories. Without waiting for us to understand things, some parents will force us to undergo the so-called "advance studies." Thus a series of heavy burdens, most inconsistent with our young age, is loaded on our delicate shoulders much too early. Those who are to learn painting pictures can hardly hold the brush, those who are to learn to play the violin can hardly lift the bow, and the complex mathematical topics and hard-to-understand mono- and polysyllabic words drove away all happiness from our youthful years. Then, when we entered school, the demands of our parents were also upgraded. How many times, when we did not get the grades that our parents had set as "standard," we lingered fearfully at the street corner, not daring to go home. How many times, because of a few grade points, were we taunted and jeered at by a parent, beaten, or punished by having to kneel, or even driven out of the house... No wonder that some of our schoolmates considered home a "Palace of Hell"!

Our schoolteachers do their utmost to give us more work, to give us a heavier burden, make it heavy beyond what we can endure, that is our second anxiety. From just after 5 am when we enter school to a little after 9 pm when we come home from self-study, we soak in the books, under pressure of work, often just out of the foreign language "domain," we are squeezed into the mathematics "domain," the chemistry "domain"... This goes on the whole day, so that by evening we are tired, feeling top-heavy, with our hearts pounding and ears ringing. The heavy textbooks have eight times broken the straps of my schoolbag during one term.

Invisible pressure from public opinion puts another set of spiritual shackles on us, that is the third anxiety. Many people are inclined to evaluate you as to whether you have any future prospects by the grades you score and by whether you can pass the university entrance examination, even judging thereby whether you are a good or bad boy. It seems that underachievers at school are all taken

to be mischievous troublemakers, "unresponsive stone" that cannot be "carved" into anything!

Pressure! Pressure! Pressure! As a result, it makes the "sun of eight to nine hours" very soon lose all the "shine" it ever had. Look around: nearsighted, with

premature white hair, hunchbacked, anemic, fragile figures all over the place. Who does not a heart filled with unspeakable distress and a belly full of gloominess.

9808

Henan Military District Commander on Reserve Building

40050258a Beijing GUOFANG DAXUE XUEBAO [NATIONAL DEFENSE UNIVERSITY JOURNAL] in Chinese No 10, 1 Oct 87 pp 70-74

[Article by Zhan Jingwu [2069 2529 2976], commander, Henan Military District, responsible editor Yu Xuetong [0060 1331 0080]: "Some Ideas on Organizing a National Reserve Force System Based on Latent Capacity"]

[Text] Following the strategic shift in China's national defense ideology, a significant readjustment will have to be pursued in such major aspects as the guiding principles, developmental strategy, fundamental policies, and organizational structure of reserve building. In the light of China's national condition, establishing a highly efficient reserve system which will benefit national economic development, and also meet the needs in any future war, is an urgent task that China is now facing. The present article will explore the possibility of establishing a reserve force system based on latent capacity.

1. The Essence of a Reserve Force System Based on Latent Capacity

War is not only the fighting between two military forces, it is, more importantly, a contest between the overall national strengths of the two adversaries. In this sense, war strength is national economic strength which depends on overall national strength; in actual fact, it is the national defense reserve strength potential. Whether war preparations in peacetime should place greater emphasis on accumulating large reserves of manpower and material resources for use in wartime, or whether such preparations should emphasize exerting all energy on the development of the overall national strength and strengthening the national defense potential, is a question that will influence differently the way national defense is to be built up. The United States follows the principle of "military interests supercede civilian interests, potential strength is competed for." It fully brings its superiority in technology and industrial production into play, strengthens its national strength, and stores up high quality technological potential for any future war. The Soviet Union, before fighting its war of national defense, had followed the principle of "having the civilian side take charge of the military side," energetically promoting the country's industrial and agricultural construction, and in order to crush the German fascist invaders, it pursued preparations of an all-around war potential. Sweden and Switzerland set up their national defense reserves on the principle of "basing the military within the population and relying mainly on potential strength," with an organic merging of national economic development and the development of the national defense potential, which enables them to preserve their state of armed neutrality. In the past, China gave insufficient attention to building up its potential capacity, by placing emphasis in building reserve strength on training

large numbers of soldiers and on the production and storage of large quantities of guns, ammunition, and war materials, so that reserve force development stagnated at a very low level. At the same time this had an adverse effect on the development of the national economy to a greater or lesser degree. It shows that overemphasizing accumulation of real strength, although it increased the national defense capacity at a certain time, did not increase accumulation of overall national strength, because national construction was not able to achieve faster accumulations, so that in the end it was bound to adversely affect the strengthening of national defense strength (including reserve forces).

Establishing a national defense reserve force system of based on latent capacity means combining into one the buildup of a national defense reserve force and the development of overall national strength, with the basic objective of strengthening overall national strength, and in this way accumulate a powerful war potential. It also means preparing a highly efficient mobilization mechanism, which can at any time, according to the exigencies of war, transform potential strength into actual combat strength. In concrete terms, it infers two meanings: First, when building a reserve force in peacetime one should be less intent on accumulating immediately serviceable soldiers, weapons, equipment and other materials for wartime use, but rather amass manpower, material and financial resources, and vigorously, and on a large-scale, develop productive forces, raise production levels, enhance the quality of the entire nation, introduce war preparations into the industrial and agricultural production, into science and technology, education, culture, communications, also into medical and health work, so as to have an accumulation of a powerful and large war potential for use in a future war. Second, one must perfect the mechanism that will transform potential into actual strength, improve the capability for this transformation, so that peacetime latent capacities can be released for use quickly. In this way, should war suddenly break out, this reserve force system with all its potential strength can manifest tremendous might and engender a very substantial and inexhaustible war strength.

2. Essential Foundations for a National Defense Reserve Force System based on Latent Capacity

Putting forward the matter of establishing a reserve force system based on latent capacity is drawing a lesson from historical experiences, mindful of the new peculiarities of the international situation, and makes every effort to attune to the realities of China and to create something uniquely Chinese. It is primarily based on the following:

Consumption in a modern war is enormous, and no country can amass sufficient military strength in peacetime. War is a response by force that relies on a material base, and as it develops, consumption of war materials in quantity and in the types of materials needed steadily increases. In World War II, The Soviet army consumed

0.75 kg of gasoline per soldier per day; in the Korean War, U.S. troops consumed 18 kg per day per soldier, and in the Malvinas War, the British forces consumed 200-230 kg of gasoline per soldier. At the time of the counteroffensive at Stalingrad, the three Soviet front armies used up 2,000 tons of artillery shells per day. In the first few days of the fourth Middle East war, one division of the Israeli army used over 1,000 tons of artillery shells per day, and after fighting 18 days, the Israeli army had fired all the ammunition it had in storage. Losses in tanks on both sides were as much as losses during 1 year of World War II. At the same time, as weapons and equipment are developed to higher qualities, greater refinement, and greater sophistication, their costs are constantly going up. Although all countries loudly proclaim reduction of their standing armies, present military expenditures throughout the world has already reached \$1 trillion per year. Faced with huge consumption in a future war and the present high costs of military expenditures, it is quite impossible to accumulate in peacetime all that would be needed in a future war. If one were to disregard the nation's economic foundation, and recklessly develop war preparations, it would certainly lead to exhaustion of all national strength, and, as a consequence, cripple actual national defensive strength. For this reason, building national defense in peacetime, whether for the standing army or for a reserve force, must not accumulate excessive strength, but rather simultaneously with the promotion of the country's economic construction, set its aim at increasing national defense potential.

With the rapid advance of modern science and technology accumulations of actual strength will naturally decline in value. The military field is an area where new technologies are applied the fastest. In arms technology, the period from invention to application becomes shorter and shorter, while renewal of arms and equipment for the troops becomes faster and faster, followed by rapid changes in military thinking and war theories. It is necessary for us, therefore, in matters of accumulating actual strength to adapt to this trend.

Economic development and national defense buildup are opposites of one entity, and are closely linked to each other. Only a fast developing national economy can provide a foundation for national defense building. Only a prosperous national economy provides possibility for powerful national defense. However, in order to be able to smoothly pursue economic construction, it is necessary to have a stable and peaceful environment, and this again requires the guarantee of a certain level of national defensive strength. It is therefore essential to spend certain amounts on national defense. But presently, China is intent on accelerating economic construction and is unable to allocate larger sums for national defense. However, China must also maintain its "deterrent" strength to protect peace. This situation demands, as far as building a reserve force is concerned, that strength which had been prepared for war use, is now used on economic construction, and it also demands perfecting

and strengthening the mechanism that would enable transfers from potential to actual military strength. In this way, economic construction can be accelerated, while, on the other hand, a solid foundation is laid for long-range development of the national defense buildup. In case of a sudden emergency, the national defense potential could quickly be transformed into war strength to protect the security of the country. Pursuing this objective is indeed the road to follow in building a national defense reserve force based on latent capacity.

Science and technology as such lend themselves to both military and civilian use; it is precisely in this two-way development that the greatest results have been achieved. Science and technology are productive forces as well as combat strength. Many new technologies are first applied in the military field, and their uses later extended to civilian uses. For instance, nuclear technology was first used to make the atom bomb, but knowledge of this new energy source very soon led to its use for peaceful purposes, where it was extremely beneficial. At the same time, many civilian technologies have good potential in the military field. For instance, electronic technology provided the "multipliers" for powerful contemporary weapons systems. We may say that various fields of science and technology lend themselves to both military as well as civilian uses in many areas of the national economy. This special characteristic of compatibility engendered by a precise division of labor and close coordination in large-scale social production is the foundation for building a reserve force system based on aggregate latent capacity. Building reserve forces in peacetime need not, therefore, one-sidedly concern itself only with the accumulation of military strength, but must fully utilize this mutual compatibility of military and civilian uses of science and technology, must develop universally usable technologies, and must, in the macroscopic view, organically link economic development with national defense development, having the two undertakings help each other forward.

The superiority of China's socialist system is beneficial for the transformation of "potential strength" into "actual strength." The Chinese people are imbued with a high degree of political consciousness and patriotism; they have a glorious tradition of repelling foreign invaders. Should war erupt, and the state issue one order, the entire nation would enthusiastically join in support of the war effort, and it would then be possible to quickly change the entire state structure to a wartime structure, and every type of potential strength would have to be quickly transformed into a huge actual war strength.

Due to its fundamental character, China's reserve force has the two functions of "construction" and "defense." China's defense reserve force is truly built up on the foundation of the entire national economy and rooted in the masses of its people. In the various revolutionary wars of the past, our party relied on the masses, mobilized the masses, and armed the masses, who, gun in one hand and hoe in the other, fought the people's war and

won great victories. In a future war, China can definitely count on the ability of its reserve force to be quickly transformed to perform all its functions. Under the new situation, China will rely on the magic weapon of people's war to win victory in any future war, and will rely to a very large degree on a powerful latent capacity accumulated in peacetime.

3. The Concept of Building a National Reserve Force System Based on Latent Capacity

Building a national reserve force system based on latent capacity is an enormous and complex undertaking of systems engineering that involves various fields and departments, such as national politics, the economy, science, and general education, and requires scientific planning and guidance under both macro- as well as microscopic aspects. Basically, it is a diverse and multi-level composite system that incorporates various branches of national construction and development. It requires not only a series of specialized entities that directly organize the development of the reserve force, but, more importantly, it also requires establishing throughout society a national economic system which integrates high and low, and also military and local interests, so as to ensure the directed, planned, and proportioned accumulation national defense potential capacity. Research and policy-making bodies established by state and provinces, which are to develop national defense potential, shall primarily be responsible for scientific research and debate on the topic of developing national defense potential, for providing scientific data, and for formulating plans. The various branches and battlefronts of the national economy shall establish special executive bodies, which are to be responsible for supervising fulfillment of norms for the development of national defense potential in their particular branches or at their battlefronts, at the same time giving full consideration to the economic, military, scientific and technological, as well as natural resource aspects and to the scientific composition of the great variety of factors that make up the potential strength in the various localities of the country. While differentiating between different administrative levels, relatively stable bases for the accumulation of national defense potential shall be established, gradually forming a network of reserve potential throughout the entire country, in conformity to the needs of national defense. The fundamental demand posed by an organizational system of this kind is to fuse into one entity, to the largest possible extent, the various branches in the development of the national defense reserve force with the other developmental undertakings of the state, and to have the entire strength of society serve as a foundation in a continuous strengthening of the potential capacity of the national defense reserve force. The following factors constitute the core of these endeavors:

Strong efforts to develop reproduction capability, stressing discovery of production (training) capabilities. A fundamental demand that a future war will pose on

modern national defense is the need to show a strong and flexible adaptability. The national defense reserve force system based on latent capacity must not only satisfy the needs of a partial war and of a sudden emergency, but must, beyond that, ensure that the needs of an all-out protracted war will be met. Attaching importance to discovery and development of production (training) capabilities is, therefore, an important link in the establishment of a system of a national defense reserve force of accumulated potential. Establishing a system of a national defense reserve force based on latent capacity must stress the accomplishment of two peacetime undertakings: First, in the production of war materials, we must adhere to the principle of more scientific research and less production, more accumulation of production capabilities and less accumulation of products, we must stress intensified use of new technologies, research and development of new products, and we must attach particular importance to the development of high tech and sophisticated items. We must achieve savings in running expenses and investments—do much with little money—and, on the other hand, ensure the progressive character of our social productive forces. Second, in creating a reserve of military personnel, we must adhere to the principle of having more reserve training capabilities and less reserve personnel. We must intensify training in capital construction, perfect our training organization, and improve training conditions. Our points of main emphasis must be the improvement of modern methods of training and the more appropriate adjustment of our deployment of all military training and reserve contingents. We must earnestly study methods of producing many and good soldiers within a short time. We must, at the same time, recognize that raising "reproduction" capability is an extremely complex task, which requires not only multifaceted research and debate, but also reliance on the reassurance from scientific organizational measures. Greater accumulation of potential strength will only be possible if we enhance the technological strength of scientific research departments, establish, correspondingly, a sound production information organization, and strengthen coordination between the different levels of production.

Full development of overall effectiveness, establishing an economic structure that is characterized by a special military-civilian compatibility. A national defense reserve force based on latent capacity requires an economic structure that is characterized by a special military-civilian compatibility. It also requires that defense development be set on the track of national economic development, and that the relationship between economic benefits and strategic benefits be effectively harmonized, that an appropriately proportioned structure be decided upon, so that development will be pursued in a coordinated way and the greatest beneficial results will be derived by the entity as a whole. First, we must establish effective macrocontrol. For important items of capital construction, such as large-scale industrial and mining enterprises, traffic and transport installations, and post and telecommunications installations, the state

is charged with overall care, overall planning, overall implementations, according to the needs of peacetime construction and wartime needs, considering the needs of peacetime production and life, as well as the needs of survival and transformation of production in wartime. Second, we must institute, on a broad scale throughout the entire society, production and technology cooperation in a variety of forms, on various levels, and through a variety of channels, and enhance, in a planned way and with points of special emphasis, the degree of general usability, norm-conformity, systematization, and standardization, promote the mutual permeation between war industry technology and technology for civilian use, so as to strengthen the beneficial results for the entity, i.e., for national defense and economic development as a whole. Third, we must lay a sound foundation and start accumulating potential at a higher point of departure. When determining and developing the various items of construction, we must do so by using the means of scientific debate to seek out the best plan, select the best bases for development, and must avoid blindly entering into projects. We must emphasize developmental quality and effectiveness and must, according to the needs of warfare, actively adjust the layout of the national defense economy, make key investments in large-scale important items that are closely related with national defense development, and build them up with assurance of high quality and of appropriate quantity. We must focus on the effective accumulation of sources of energy and strategic materials, and definitely ensure the efficacy of these reserves.

Taking full advantage of our superiority, accelerating development of "software of national strength." Development of the so-called "software of national strength" refers to the need to attach importance to research and development of such items as politics, the spiritual state of the people, science and technology, military theories, and military art. As a socialist country, China should take full advantage of its superior political and social system, and actively develop the "software of national strength." It should "closely unite education with the people," and "closely unite military with the people." This is of extremely important current significance and of profound historical significance in connection with the development of a national defense reserve force of accumulated potential. 1) We must strengthen military education, enhance the military quality of the nation, and achieve a socialization and popularization of military education. We must, first of all, strengthen the concept of military education, bring about a change in the state of affairs that military education merely relies on the army system and armed organizations, change the unitary form of having reserve-forces training conducted only in militia organizations, incorporate military education in the nationwide educational plans, make it the common task in every trade and industry, also provide legal provisions, and create a situation of all the people of the country deeply loving the military and consciously studying military affairs, and of having the whole society care for and support military education. Second, we

must "closely unite education with the people," we must closely link military education with the general education of students and the professional education in the various trades and industries, to form a military education system of diverse structures and levels. Third, we must gradually set up a perfect leadership structure for military education, manifest the excellent tradition of our armed forces work of mass character, and work out forms and methods of instituting nationwide military education suited to the special characteristics of China. 2) We must nurture a national spirit of patriotism and high esteem for the military and strengthen the national defense concept among the entire people. National defense concept is a spiritual force; if inculcated into the entire people, it evolves, in the military field, into combat strength, and, in the economic field, into productive force. A strong national defense concept is, therefore, not only necessary to ensure national security, but also for the nation's spiritual uplift. It strengthens cohesiveness in national construction and acts as a cohesive "binding agent." During the present peaceful construction, especially now that China is still economically and technologically somewhat backward, we must attach even greater importance to fostering the national defense concept and a spirit of high esteem for the military. It is also only by imbuing the people with the spirit of unceasing efforts to improve themselves and of boldness in forging ahead, and, furthermore, by converting this spirit into conscious action, that we can make up for shortcomings in material resources, and that China and the Chinese people can maintain its vigorous and progressive vitality. We must carry on our nation's excellent tradition, and must make the development of a nationwide patriotic and highly military-minded national defense concept a major issue in our efforts to achieve a socialist spiritual civilization, and also include it in the strategic plan for the development of the nation as a whole, make it a normal strategic task, and in diverse form enhance our reserves of this spiritual strength, and thereby strengthen and unite the fighting will of the masses. 3) Enhancing the scientific and general educational level of the entire population. Science and general education constitutes levers for national development. Without progress in science and general education, there cannot be an increase in overall national strength, also no powerful modern national defense. An energetic development of nationwide scientific and general education amounts, in essence, to a strategic measure to strengthen the efficacy of national defense. The state should therefore make the development of scientific and general education and the improvement of the educational quality of the entire population a long-term strategic task. The state should determine the developmental objectives at different levels, and, in particular, direct attention in the scientific and general education of our young students to the needs of the country's economic construction and national defense development. The state should in this area take all aspects equally into account, invest in key projects, and provide a solid foundation. 4) Energetic research in

military science, development of advanced military theories. Presently, developing "soft" sciences, such as military theories, military art, etc., has become the focal issue in the world's fiercely fought over "silent battlefield." Strengthening research in military "soft" science must adhere to the policy of the "three orientations," it must foster a long-range perspective, enhance the capacity to assess future warfare, and, furthermore, closely link the present reality with the prospects of the future, explore diligently theories and methods of future warfare, and provide a solid theoretical foundation for victory in any future war.

Improving the mechanics of mobilization, ensuring quick conversion of potential into actual strength. To be able to quickly convert potential into actual strength, we must establish a sound and perfect mobilization mechanism. Without an effective mechanism, it will not be possible to convert potential into actual strength, and all available potential could not perform its necessary functions. We must recognize that under the present conditions, an effective conversion mechanism as such is also in some ways a manifestation of actual strength. Israel has on several occasions relied on a highly efficient mobilization mechanism to quickly convert national defense potential into actual military strength that would enable it to capture the initiative in its wars. Since the founding of the PRC, China has achieved certain successes in perfecting its mobilization mechanism, but it cannot yet completely satisfy the needs of our national defense development. In this matter of improving our mobilization mechanism, we must, first, as quickly as possible formulate complete rules and regulations concerning mobilization, so that effective control measures will ensure that matters are conducted in a lawful way. Second, we must establish a very sound mobilization command system, that reaches from the top to the bottom, and that is in line with Chinese conditions, to be responsible for the development of national defense potential, for mobilization in wartime, and for supervising and execution of a comprehensive coordination and planning with regard to the various trades and industries. Third, we must have a feasible mobilization plan, which would ensure that the state's organizational system could be changed with utmost speed from peacetime to wartime status. Fourth, we must gradually create a set of mobilization theories and methods, suited to the national condition of China, which will enable effective mobilization and conversion of abundant potential into powerful actual military strength.

4. Establishing a National Defense Reserve Force System Based on Latent Capacity Requires Competent Resolution of Certain Problems

Establishing a national defense reserve force system based on latent capacity involves all aspects of the overall developmental strategy of the state and contains many interrelated and mutually restrictive factors. An accurate knowledge of these factors and the earnest and

effective disposition of various related problems are a major link in ensuring healthy development of the national defense reserve force system based on latent capacity.

Establishing the system of latent capacity. Establishing a national defense force system based on latent capacity is a complex systems engineering undertaking. Its planning and development is not only circumscribed by the state's social system, economic construction, scientific and general educational level, the objectives of its strategic development, and the domestic and international climate, but must also take into consideration many essential factors in the system itself. Attention must be paid to taking advantage of various kinds of technological forces, to scientifically controlling changes in the reserve structure, to firmly adhering to the principle of combining unification with diversification, so as to achieve obtaining one focal point and, also a differentiation of different developmental grades, of having, in macroscopically, one unified objective, and, microscopically, certain flexible countermeasures, in order to arrive at the optimum efficacy of the entire reserve potential. On the basis of assessments gained in scientific forecasting and analyzing of the international situation, we must adopt a policy that combines short-term and long-term concerns, and we must attain a military strength with long-range developmental objectives and which, on the other hand, also plans for phased developments, which, on the one hand, attaches importance to accumulate reserves of war potential that can at any time be converted to actual strength, and which, on the other hand, must also accumulate immediately available military strength to cope with the development of the war situation. We must arrive at a state that we can cope with small wars, are in a condition to fight medium wars, and have the foundation for large-scale warfare.

Bearing the needs of warfare in mind, we must improve our capacity to accumulate reserves. The following principle must govern the accumulation of material resources: accumulate more of such material which in wartime is consumed in large quantities, of which production cycles are long, and which are difficult to procure; accumulate less of such materials which in wartime are consumed in small quantities, have short production cycles, and are easily procurable; for materials which are used for military as well as for civilian uses, mainly rely on civilian accumulation of reserves. Effective restrictions must be imposed on items for which overproduction could be induced, and support must be given to the production of items that are urgently needed and which are slow in developing. In matters of reserves in military personnel, we must determine in line with the needs of wartime mobilization a ratio for the various types of troops to be trained, and efforts must be made to improve the reserve structure. This is the only way to ensure that our reserve forces will be complete and well proportioned, and to have a solid and reliable foundation on which to develop our national defense potential.

Competent handling of the mutual shifting between quantity and quality. Historical experience tells us that power and prosperity of a country are not ensured by raising large numbers of soldiers and by large military expenditures. Particularly under modern conditions of rapid scientific and technological developments, limiting numbers and striving for high quality has become the universal rule in peacetime national defense development, and is also the correct developmental orientation needed when establishing a national defense reserve force based on latent capacity. Development of national defense requires reliable economic guarantees. Under conditions of a limited economic development, national defense can only be improved in quality, and overall national strength only increased, by effecting quantitative reductions. At the same time, considering the nature of accumulating potential, efforts to achieve high quality in national construction itself will again indicate quantitative strength in the reserve force, which will later become vividly apparent in the process of a quick transformation of potential into actual strength. We must therefore break with the concept that quantity will gain victory, and foster the idea that quality counts more than everything else. We must therefore competently handle the mutual shifting between the two, so as to ensure a benign interrelation between national economic construction and the national defense undertaking.

Establishing a national defense reserve force system based on latent capacity is an important issue that urgently awaits earnest study as a subject of national defense development strategy in the new era. Experiences of past generations and methods employed in other countries may merely serve as reference aids. However, on the immediate road ahead, it is necessary for us to search and explore, mindful of what the future world will be, and in contact with the realities of China. It is necessary to consider not only the macroscopic aspects when we engage in scientific and daring thoughts, but, more importantly, we must also in microscopic respects engage in concrete analyses and arduous practice. This is the mission which history has entrusted to every person who devotes himself to work for the national defense undertaking.

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Discussions on Limited War

Principles of Future Limited War

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[Article by Jia Wenxian [6328 2429 0341], Zheng Shouqi [6774 1343 6386], and Guo Weimin [6753 3634], students, first team, first department, basic section, [National Defense University], and Long Zhuoqun [7127 0587 5028], responsible editor: "Tentative Discussion of Special Principles of a Future Chinese Limited War"]

[Text] Following the strategic shift in China's guiding ideology on its military development, military circles are all paying greatest attention to the topic of limited war

and have instituted extensive research on the subject. Having experienced several limited wars in the world in recent times, people have explored in depth the peculiarities and guiding principles of modern war, and have written many scholarly articles of great insight, which are undoubtedly most significant in the way they influence our studies and our thinking regarding China's future limited wars. However, the nature, territory, and times of these wars differ widely, so that there is of course a great diversity in the particular ways these wars had been conducted. In our studies of China's future limited wars, we must, on the one hand, watch world events, follow latest tendencies, be well acquainted with the important trends in developments and changes, but, most importantly, must also start out from the realities of China, and primarily study the particular surroundings of China and its natural geographic conditions, giving full consideration to the present weaponry and equipment of China's armies and their developmental prospects, also trying to assess the main patterns of China's future limited wars, and seeking out their special rules and guiding principles, in order to arrive at a theory of limited warfare which will possess uniquely Chinese characteristics. This is the only possible way to avoid defeat for our troops in a future limited war. We believe that the special rules of China's future limited war will mainly become apparent in the following few fields:

1. **The complexity of China's surroundings.** China has a huge population and vast territory; it has extended frontiers, and it shares borders with many countries. Its mainland frontiers extend over 20,000 kilometers, its sea coast is 18,000 kilometers long, and it borders on 12 countries. Analyzing the contemporary international strategic patterns and the strategic situation of the Asian-Pacific region, we note that the fierce contention between the superpowers has aggravated the turbulence and unrest in the Asian-Pacific region, which in turn led to the emergence of the many "hot spots" in Southeast Asia, on the Korean Peninsula, and on the India-Pakistan subcontinent, a fact which directly or indirectly threatens China's peace and stability. China's international surroundings and their political configurations are also extremely complex, as there are countries with different social systems, also confrontations between socialist countries; there are political disputes, and disputes over territory and territorial waters; there is the contention between the superpowers, also the federation of smaller states; there are sharp contradictions in armed confrontations across borders, and there are also "in cold storage" problems, which are temporarily insolvable between the two parties involved; there are actual threats that China is facing, and there are potential threats which are presently quiescent. In our strategic direction and war preparations, this situation demands of us that we must not keep our eyesight fixed on one particular field, and neglect study and analysis of a variety of situations. What we would have to do is, on the one hand, as far as possible isolate and fight the major enemy, and, on the other hand, adopt measures to suit whatever the situation will require. Only by the activity

of many hands in preparations will it be possible to have provisions ready before trouble occurs. Should there be a sudden change in the situation, it would then be possible to handle the situation with ease and quickly cope with the changed situation.

2. Conventional Character of Warfare Forms. Following the rapid development in the modern science of war, the use of "high tech" in limited wars is gaining in frequency. In particular the superpowers in their limited wars against Third World countries mostly use high tech lightning attacks like "surgical operations." Supra-conventional, low-intensity, and high-tech warfare is the developmental trend in modern limited wars. However, will any limited war that China may face in the next 10 or 20 years also be this kind of "high-tech" war? What peculiar patterns will the future wars show? Although we cannot altogether preclude high-tech warfare, we believe they will mainly be conventional wars of medium and low intensity, for the following reasons: Looking at the political relations we see that for a certain period of time, China is in the advantageous position of "four ounces facing a thousand catties." If any superpower takes supra-conventional military action against China, all will in one way or the other be affected. Analyzing the strategic patterns in the world, we see that the main point of friction between the superpowers is Europe. China is located in Northeast Asia, which is a secondary field in U.S.-Soviet world strategy. Looking at the military strength of most of China's neighboring countries, we see that although some may show progress by the end of this century, there will be no breakthrough changes in their armament and equipment, which will make it impossible for them to fight a so-called "high-tech" war. China's future local wars will, therefore, still essentially be of a conventional nature. Of course this conventional nature will now be different from the several wars experienced previously by China in its history. It will be different from the War To Resist U.S. Aggression and Aid Korea of the 1950's, also different from the self-defense counterattack against India in the 1960's, and even not completely the same as the Sino-Vietnamese border war at the end of the 1970's, a war which is presently still going on. However, the conventional war of the future will be permeated with high-tech conventional warfare, and new weapons and new equipment will be much used on the battlefield. We must not build our strategic direction on the foundation of the idea that victory will be won through technology, so-to-say "compare our treasure chest" with that of the enemy, but, on the other hand, we must also not stick to conventions and faithfully follow past experiences. We must watch the peculiarities and developments in conventional warfare, and study and explore warfare methods under different conditions, such as defeating from an inferior position an enemy in a favorable position, and from a favorable position defeating an enemy in an inferior position. We must make full use of our people's combat superiority, must use conventional weapons, must effectively fight conventional wars, must develop strong points and avoid shortcomings, and must overcome the enemy.

3. Diversity of Warfare Types. As mentioned earlier, because of China's complex international surroundings, many diverse factors could cause a limited war to break out. The patterns of such wars cannot, therefore, all be the same. We believe that on the whole China could be faced with the following five types of limited wars: 1) Border conflicts. These would be small-scale border clashes, characterized by a relatively stable battle line, by being essentially limited to the region of the disputed border, of limited objective, fought with small military forces, and of short duration. 2) Contention for territorial seas and islands. China has disputes with 10 or so neighboring countries over ocean resources, borders of territorial waters, territorial sovereignty, and the ownership of islands. Should the conflict one day become acute, armed clashes on the sea may occur, characterized by sudden eruption of fighting, short duration, fighting spread over a wide area, generally far removed from shore, making high demands on cooperation between the three branches of the military. 3) Surprise air attacks. These would mainly use aerial attack forces to hit such objectives as important military installations, border towns, coastal ports, and even strategic points close-by or deep in enemy territory. They would be actions of a threatening or destructive nature, characterized by a comparatively extensive use of high technology, with a high element of surprise, and delivering a strong shock. 4) Resistance against partial hostile intrusions. The pattern of fighting may be strategic fighting in the combat area. As to the way of fighting and the forces involved, the military and the civilian population will be involved as a whole, with an integration of the three branches of the armed forces. As to the duration, one must prepare for a short battle with a quick decision, but also for a relatively extended period of fighting. 5) Punitive counterattacks. This is a military action that China would carry out to oppose invasion, protect sovereignty, or to uphold justice and dispel threats. The special characteristics of such actions are the relatively large scale of fighting, also the facts that several branches of the military are involved, that the space of fighting will be extended, that there have been ample preparations, and that the motto be: "If fighting is not intended, abstain from action; if you intend on fighting, be sure to win, fight to hurt the enemy, make it a short fight with a quick decisive ending." The above-mentioned five types of warfare would result from the special political, economic, military, and geographic factors and the environmental conditions of China, and are also determined by the special rules of China's limited wars. In view of these relatively stable war patterns, we must earnestly study ways to deal with these situations and make general plans, so that in our strategic direction of coping with limited wars, the layout of the battlefields, weaponry and equipment, structure of the military formations, fighting methods, and even in the training of the troops, we attain greater effectiveness in our well-aimed responses, better adaptability, and definitely will have the capability to win victory and successfully fight any future limited wars.

Reform of Traditions 'Necessary'
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[Article by Jiao Wu [3542 2976] and Xiao Hui [2556 1979]: "Modern Limited War Calls for Reform of Traditional Military Principles"]

[Text] After World War II, limited wars have again become more frequent. Characteristics of modern limited wars are not only their limited objectives, limited scope, limited means, and short duration, but also, due to the human control factor, other peculiarities which are even more conspicuous and distinct, compared with past warfare patterns, in that modern limited wars generally do not proceed along the general lines of warfare, but reveal new and particular principles, which are most evidently contrary to conventional military practices, and which unavoidably conflict with certain traditional military principles.

1. Conflict Between the Short-Term Nature of Limited Warfare and Long-Term Strategic Direction

Limited war, especially modern limited war employing high-tech weapons and equipment, has blurred the boundaries between the initial, middle, and final phases of warfare, a fact which makes new demands on strategic direction. In the past, wars generally used to proceed in initial, middle, and final phases. Victory or defeat in the initial phase would not decide the final outcome. Final outcome of the fighting would have to await events in the middle phase and particularly in the decisive battle of the final phase, when one side would have finally lost will and capability of resisting, which would signal the end of the war. In view of this progression of warfare, generally in three phases, and in view of the actual condition of warfare conducted by our armies, it was absolutely necessary to adopt a long-term strategic direction.

However, because the objective in modern limited war is no more, as in the past, to use military action to achieve a complete annihilation of the opponent's capability and will to resist, the extent of victory at the end of the war is no more measured by how many enemies have been killed by military action. The objective is rather to assert one's own standpoint and will through limited military action, or to teach the opponent a lesson, to deliver a shock, politically or psychologically, and then immediately to withdraw to home bases. This being the case, the further progression of modern limited warfare is mainly not decided through military action as such, but rather determined by the needs in the political and diplomatic struggle. Modern limited war cannot, therefore, proceed according to the "three phases."

Furthermore, fighting a modern limited war not only consumes huge amounts of resources and is an enormous economic burden, but if continued for a long time, will

also invite criticism in the public media of the world. At the same time, the development of modern science and technology, especially the use of high-tech weapons in actual fighting, has enormously improved the range and speed of firing and the efficacy of inflicting casualties. This has provided a reliable material basis for the success of "blitzkrieg" operations, and has brought about modern limited wars which do not show the clear distinction of the three phases, the initial, middle, and final phases, of war. Our proof in this respect are Israel's successful surprise attack against Syria in the al-Biq'a' Valley in 1982, and the U.S. military action in 1986 that dealt Libya a lesson. The Korean war, although fought on a large scale and of comparatively long duration, also does not conform to the traditional rule of a "three-phased" war, as it ended through a compromise which was arrived at in negotiations. In this manner, the idea of victory being decided in the initial fighting has undergone an even more important change. For this reason, it has been asserted that strategic direction of modern limited wars must change from a unitary long-term to a combination of long-term and change from a long-term to a combination of long-term and instant-decision nature. In the historical period before us, military science must particularly emphasize in the field of strategic direction the study of winning victory by instant decisions. Under the historical conditions of the past, and under the specific conditions that China experienced in its past wars, we had adopted as our strategic direction long-term war on interior lines of defense and in our battles instant decisions on exterior lines of attack. That was completely correct. But history progressed, and conditions are no more the same. To meet the demands of modern limited war, strategic direction too must not stubbornly hold on to past practices; there has to be some development. At present, when limited wars have become the main threat to world peace and to China's security, and when we are faced with the possibility of aggression by the surprise strike of an armed assailant who intends to win victory in one battle, it would be unrealistic to stick to the belief that others will fight protracted wars. We must rather return blow for blow, and instantly respond, after an accurate assessment of the situation, and with a sudden strategic action foil the enemy's attack. Of course, the decision on what strategic direction to adopt must depend on the specific conditions of the limited war which may possibly break out in future. In some situations and for some invading enemies, it may be a strategic direction of long-term nature, but in other situations, to cope with other enemies, it may be the strategic direction by instant decisions.

2. Limited Dimensions of Battlefields and Limited Military Forces Involved Give New Significance to People's Wars

People's war is our army's magic weapon for vanquishing our enemies. The mainstay force in a people's war are the people's soldiers. It is a war which relies on the masses and organizes the masses for participation, joins main formations with local formations, the regular army

with guerrilla fighters and militia, and links armed masses with unarmed masses, thus mobilizing the entire population for action. The broad masses of the people not only support the war with manpower, as well as material and financial resources, but also take up arms to directly participate in the war, in coordinating their strategic fighting, and tactical activities with the regular formations and the militia.

Looking at the several limited wars that have erupted after the war, we note that although these wars differed in type, scale, and ways of fighting, the two adversaries did not resort to general mobilization, but went to war with only a certain part of their regular armies. Generally speaking, therefore, to cope with modern limited war it would suffice to use the forces of one military district, or at most the forces of two or three military districts, and there would be no need for general mobilization and for the whole nation to rise up to meet the enemy. The coordinated use of the masses of the people would also more often than not be limited to only those living near the places of military operations. Taking up arms by the masses of the people to directly take part in fighting would be rarely seen in modern limited wars of the future. Coordination of militia and guerrilla fighters will hardly play any role in fighting and in tactical respects, but most of their support would be their material and financial support of the combat area and the fighting forces, their encouragement of frontline officers and soldiers, as well as allaying the fears and helping to overcome difficulties among family members back home of officers and men at the front. In view of this situation, it is extremely necessary that each military district set up a highly selective and well equipped mobile emergency contingent, small in number, skillful, and efficacious, according to different tasks and combat opponents, to serve as the mainstay force to cope with any sudden emergency. How to have these troops engage in scientific studies is also an item that falls under this heading.

3. Those Giving Strategic Directions "Passing Over the Authority of Intermediary Ranks" and Intervening in Battlefield Operations, as Conflicting With the Traditional Form of Commands Being Passed Down Through Ranks

The fact that modern limited wars aims at limited objectives gradually merges the traditional strategic, campaign, and tactical borderlines into one. The significance of tactical battle action has increased in value; tactics frequently pass over campaign action and link up directly with strategy, and tactical units and tactical action can at times achieve the strategic objective. The phenomenon of those giving strategic direction "passing over the authority of intermediary ranks" and officers in the field finding themselves "bereft of authority" is therefore frequently evident in limited wars. This is undoubtedly a challenge to the traditional form of command being passed down through ranks.

In past wars, generally speaking, the distinction between strategy, campaign actions, and tactics was very clear. Strategic actions, campaign actions, and tactical actions differ widely in their impact on the war. Commonly, tactical actions and those important campaign actions that have strategic objectives have a very great influence on victory or defeat. General campaign operations, especially the tactical fighting of tactical formations, has little impact on the overall war situation. Those devising strategy and the "supreme command" are, therefore, generally "devising strategy in the command tent," and decide the important strategic questions. They only engage in planning such campaign operations that have strategic significance, determine campaign policy and principles, and proclaim the overall demand, but for common campaign operations it is the officers on the battlefield who "watch for the right time to take action." Their form of command is regularly that tasks are transmitted from upper rank to lower rank, that orders are handed down, thus directing and controlling the combat action of the troops under their command. At the same time, the lower ranks will have to report regularly through ranks to higher ranks and request instructions, and they will then organize and plan campaign tactical operations and go into action according to the intentions of their direct superior officer. This form of command has many intermediary levels and links; they easily miss good combat opportunities, and dissipate initiative on the battlefield. Looking at modern limited war, especially the several limited wars that have recently erupted, we see that every combat action that has a bearing on the overall situation, such as selecting the objective of a strike, limiting the geographical scope, the time of attack, even policy decisions on the smallest tactical action, are all to be determined by the high command, even up to the head of the state and government heads, extending their control right down to the battlefield, passing over all intermediary ranks. This method has commanders in the field lose very much of their decision-making power. An American, John Collins, has allegorically expressed this phenomenon of "passing over the authority of intermediary ranks" in his "Grand Strategy," when he wrote: "Many heads of modern states insist on playing the role of platoon leaders."

In modern limited war, the need for control and command by this method of "passing over the authority of intermediary ranks" is bound to call for a reform in the traditional form of command through the ranks, also for a reduction of command levels, simplification of command procedure, and acceleration of command tempo. Except in cases of special need, when command is passed through ranks, one should normally adopt: 1) Command in the form of "Passing over the authority of intermediary ranks." This means, that those in charge of strategy, stepping over the intermediary levels of command, establish direct command relations with the troops carrying out combat tasks, while the intermediary levels who were passed over would then only take note of the situation without interfering in the combat action of

lower ranks. 2) "Direct control" form of command, is a form in which, in limited war, the strategic command organ or government head passes over all war combat levels and at strategic command level, establishes direct command relations with the tactical combat unit, so that the one in charge of strategic decisions for crucial action assumes the role of "platoon leader." 3) "Independent form" of command. In this form, specific restrictions would first be laid down as to combat objective, force to be used, geographic scope, time of attack, whereupon the officer in the field would conduct combat operations independently within these limitations without the need to report or ask for instructions through the ranks in every single instance. But this independence is relative, as it is an independence subject to strict observance of the various restrictions prescribed at the strategic decision level. It is definitely impermissible to step beyond

the proverbial "Lake Lei" and exceed the restrictions. During the Korean War, one of the main reasons for MacArthur having to step down was that he intended to overstep the relevant restriction; in Truman's language, "General MacArthur was prepared to risk the danger of overall war, but I was not prepared to do so." (John Collins in his book "Grand Strategy") In 1982 in the Anglo-Argentine War over the Malvinas Islands, Mrs Thatcher gave full powers to the commander of the British task force, Rear Admiral Woodward, but the scope of his authority was also restricted to the Malvinas Archipelago, and he was not permitted to step one step beyond his "Lake Lei" and attack the Argentine mainland.

9808

EAST REGION

Substitution of 'Three Dares' for 'Three Fears' Urged
40050272a Fuzhou FUJIAN RIBAO in Chinese
12 Apr 88 p 3

[Article by Li Zhiying [2621 3112 3853]: "Change 'Three Fears' Into 'Three Dares'"]

[Text] Cartoonist Sun Xun [1327 6676] once drew a very meaningful cartoon. It showed three figures with the word "fear" carved on each one's face. One was afraid of losing his black gauze hat, as worn by officials of past dynasties; he would not dare criticize anyone of higher rank. One was afraid he might become the target of revenge; he would not criticize any colleague of equal rank. One was afraid to lose votes among the people; he had no intention to fight perverse trends and evil influences. They were called the "three fears of today," a matter that fills our hearts with deep-felt sadness.

Thinking of the "three fears" and tracing their origin: First, the 10 years of turmoil destroyed the democratic style of the party, and many party members and cadres suffered for speaking the truth. It turned them into mere yes-men and they became apathetic. Whether they had to deal with any affair or with a person, they would be polite without sincerity, observing a philosophy of self-protection. Second, some comrades start out from selfish motives, working for official positions and intent on profit, so they will do nothing that could be contrary to the wishes of the leadership, and will not say anything against those in the same line of business. Dealing with persons or business matters, they will be careful and cautious, watching a person's every mood, and believing the best policy is to cater to the other person's pleasure. Finally, such maxims as "Among hundreds and thousands of good things, nothing is better than to enjoy great popularity" and "With one's mind set on being patient, there will be nothing to worry; no harm in shrewdly playing a bit the fool" became the articles of faith of some comrades.

Party members who showed the defect of the "three fears," I believe since the empire is in your trust you should courageously extricate yourselves from self-complacency and the yes-men mentality, and transform the "three fears" into "three dares." You should dare speak out about the faults of those in higher positions, dare criticize the mistakes and shortcomings of those of equal rank, and dare fight against unhealthy trends and evil practices around you. Only by acting in this way will you feel free from regret about having stained the glory of being a party member. Of course, if we want all party members to truly act out the "three dares," we will also have to rely on a change in the democratic atmosphere and improvement of the social atmosphere. In that respect, the 13th CPC Congress has made a good start. The "two congresses" that were recently held in Beijing were conducted in a sincere, rational, trustful, and

harmonious democratic atmosphere as has never been experienced before, a truly inspiring event. Isn't it that the delegates of the NPC, who attended the "two congresses," as well as the members of the CPPCC, when dealing with such problems as policy of government and party, the state's major principles, matters concerning reform and opening up, and party style and people's style, all such questions were discussed frankly and sincerely with everyone speaking his opinion without hesitation. Many among the delegates, also some marked "officials," showed no fear of losing their "black gauze caps," and no fear of losing votes. They were really "gentlemen, calm and poised," not out after fame or profit, only working wholeheartedly for the party's undertakings and for the welfare of the state, indeed setting a good example for all of us.

I therefore believe that following the spread of democratic atmosphere and the self-improvement in the political quality of party members and cadres, the "three fears" will indeed be changed to "three dares." Moreover, as a consequence, a democratic atmosphere will emerge and grow as time goes on. It will then also happen that reform and opening up will equally improve as time goes on.

9808

SOUTHWEST REGION

Sichuan Provincial Discipline Inspection Commission Holds Work Conference
40050271a Chengdu SICHUAN RIBAO in Chinese
12 Apr 88 p 1

[By Song Quanan [1345 0356 1344] and correspondent Liu Yaohui [0491 5069 6540]: "For a Flourishing Economy; For an Honest Leadership"]

[Text] The Sichuan Provincial Discipline Inspection Commission held its work conference in Chengdu on 11 April. The main purpose of the conference was: The earnest study of Comrade Zhao Ziyang's report to the Second Plenum and Comrade Qiao Shi's [0829 4258] report to the Second Plenary Session of the Central Discipline Inspection Commission, to apply these reports closely to the realities of Sichuan Province, and to exchange experiences in the improvement of party style and in discipline inspection work, also to further clarify guiding ideology and work tasks, discuss the new ways of improving party style and discipline inspection work in the new time, and to raise discipline inspection work in Sichuan Province to a higher level of perfection.

The meeting, which was chaired by Wang Yichun [3769 0001 4783], deputy secretary of the Provincial Discipline Inspection Commission, was attended by leading comrades of the Provincial CPC Committee, of the Provincial Advisory Commission, and the Provincial Discipline Inspection Commission, Comrades Gu Jinchi [7357 6855 3069], Xu Mengxia [6079 1125 0204], Cao

Qingze [2580 1987 3419] and leading comrades in the former Provincial Discipline Inspection Commission. The Central Discipline Inspection Commission had sent a representative to attend the meeting.

Comrade Gu Jinchi said at the meeting: To assess whether one district or unit has done effective discipline inspection work, and to what extent that work has been successful, our fundamental criterion must be whether discipline inspection work has been able to ensure and promote the development of productive forces. We must unswervingly support policy and protect reform. We must pay attention to overcome two tendencies in our work: One is, that if certain measures of reform or opening up are not yet well understood or doubts about such measures exist, one will not courageously support the measures with perfect assurance; the other is, that although verbally supporting and protecting reform, one will not have the courage to expose and properly deal with cases that arise in the course of reform.

Comrade Gu Jinchi emphasized that at present, the most serious complaint by the masses in matters of party style is the misuse of powers for private gain and bureaucratism. The question people are most concerned about, and for which they urgently demand a solution, is the question of honesty and impartial justice of party and state organs, and the demand that members of the CPC should play an exemplary role. To solve this problem, we must, first of all, start with the leading cadres in government and party organs. The leading cadres in government and party organs must firmly foster an ideology of wholehearted service to the people. They must lead in pure and honest conduct, practice self-discipline, discipline their family members and children, hold out against "personal favor" intruders, and at no time claim prerogatives and exceptions. We must set strict demands on all party and government organs and on all their working departments, keep them under strict control, strengthen investigation and supervision, and stop up all loopholes. We must teach cadres in party and government organs to correctly understand that authority bestowed on them by the party and by the people must not be a means to enrich themselves, also not a commodity that can be exchanged. Honesty and impartial justice is the professional moral precondition expected in every cadre in our organs. No matter where and when, they must all consciously resist corrosion by the evil legacy of feudal ideologies and decadent bourgeois ideologies. They strictly keep themselves free of greed, strictly observe law and discipline, maintain a strict lifestyle and lofty moral character.

Comrade Gu Jinchi also said that party organizations and discipline inspection organs at all levels must, in the spirit of strictest control of the party, seriously and earnestly investigate and deal with all cases of violations of discipline. Especially those decadent elements that undermine the party and the people's undertakings must be resolutely eliminated, and there must be no abetting evil by tolerating it.

Yang Rudai Discusses Party Style, Discipline Inspection Work

40050271b Chengdu SICHUAN RIBAO in Chinese
12 Apr 88 p 1

[By Song Quanan [1345 0356 1344] and correspondent Liu Yaohui [0491 5069 6540]]

[Excerpts] At its work meeting yesterday afternoon, Yang Rudai [2799 3067 1486] spoke to the Sichuan Provincial Discipline Inspection Commission. He said: Building of party style and discipline inspection work must serve the basic political line of the party. First, we must establish the concept that in evaluating the building of party style and discipline inspection work our fundamental criterion must be whether such work has been able to promote the development of productive forces. Second, we must establish the concept of giving service to reform and opening up. We must make every effort to overcome the parochial ideas of narrow self-seclusion, self-sufficiency, and complacency, and must continuously strengthen the ideas of reform and opening up. We must correctly treat party organizations and party members, who in the course of reform and opening up courageously lay open new vistas and are bold enough to break new ground. We must support their work most enthusiastically. If these people have been censured and criticized, or even slandered and attacked, we have to clarify the true facts and bolster their morale. If some people have availed themselves of loopholes of the reform to fill their own pockets, violating law and disrupting discipline, we must resolutely expose them and appropriately deal with them, to ensure smooth progress in reform and opening up. Third, we must establish the concept of the correct policy in the initial stage of socialism. On the basis of these policies, we must adjust and perfect the norms for maintaining discipline and must harmonize the principles of party spirit and current policy. He also said, building of party style must go the new way of reform and institution building. On the one hand, we shall continue to advance in our reform, opening up, and development of commodity economy, and, on the other hand, we shall earnestly study how to accelerate and deepen the actualities of reform, in order to stop up loopholes and reduce hotbeds of corrupt practices.

Yang Rudai emphasized that at the same time as the 13th CPC National Congress demanded to go the new way of reform and institution building, it made strict control of the party the basic principle for party style building in the new time, a principle which we must unswervingly implement. We must, first of all, be strict toward party and government organs and cadres in leading positions. We must strictly investigate and deal with serious violations of discipline, such as misusing power for acts of extortion, practicing corruption and accepting bribes, as well as selling out national interests. We must ruthlessly stamp out extravagant and wasteful customs, and strictly cut down the purchasing power of conglomerates. All party members, whether in high or low positions, who, in a serious manner, engage in corrupt practices, violate law, or disrupt discipline, must

be strictly investigated and appropriately dealt with, punishing them as they deserve. With regard to such decadent elements as smugglers and dealers in smuggled goods, givers and receivers of bribes, swindlers and extortionists, grafters and embezzlers, we must adopt a policy of resolute eradication. In case some people are turning a blind eye to violations of law and disruption of discipline, tolerate and shield such acts, not only the perpetrators themselves should be punished, but the responsibility of the relevant party organization and of the party's leading cadres should be established. For party members, cadres, and people who firmly uphold principles and actively fight corrupt practices and acts of violation of law and disruption of discipline, measures must be taken to actively support and protect them, and we must make definitely sure that no harm comes to them.

Yang Rudai finally pointed out that the party committees at all levels must substantially strengthen leadership in discipline inspection work, periodically discuss discipline inspection work, protect the authority of the discipline inspection commission, help them remove difficulties and obstacles, and resolutely support and protect those cadres of the discipline inspection commission who handle matters impartially and who are being attacked. We must show solicitude for cadres of the discipline inspection commission, in political respects, in their work, and for their livelihood, and we must provide them, as far as is within our power, with the best possible working conditions.

9808

Lhasa City Government Notices

Proclamation Issued 14 February

40050246 Lhasa XIZANG RIBAO in Chinese
14 Feb 88 p 1

[Proclamation by Lhasa People's Government issued on 15 February 1988]

[Text] This year's Spring Festival, Tibetan New Year, and the Buddhist grand summons ceremony are just around the corner. To implement the party's policies on nationalities and religion even more successfully, satisfy the demands of monks and nuns and the vast number of religious followers, protect normal religious activities in accordance with the law, maintain social order at religious sites to make sure that cadres and workers of all nationalities and monks and nuns can joyfully and safely celebrate the Spring Festival and Tibetan New Year of 1988 and conduct the grand summons ceremony successfully, we reiterate Notices No 2 and No 3 of 1987 and issue the following proclamation:

1. All cadres, workers, commanders, students, and the broad ranks of monks and laymen in all departments,

organizations, military units, schools, enterprises, and institutions in Lhasa and transients shall comply with this proclamation conscientiously.

2. All units and individuals shall obey the constitution and the laws of the state and consciously safeguard the motherland's unification and national unity. They shall oppose any individual taking advantage of religious sites or religious activities to carry out criminal activities. All citizens have the obligation to expose bad elements who conduct reactionary propaganda, disrupt order, gather in groups and make trouble and report them promptly to political and legal authorities to be dealt with in accordance with the law.

3. People from out of town must comply with the city's management regulations. Those who need group accommodation must put up at sites designated by the city management supervisory brigade and the people's government of the outlying district. Those who violate city management regulations shall be punished depending on the circumstances of the case.

4. Management of the cultural market shall be tightened. All state, collective, and individual stores in the city shall conscientiously comply with the regulations of the industry and commerce administration department and shall not manufacture, distribute, or sell pornographic or reactionary publications, photographs, cassette tapes, and video cassette tapes that advocate the breakup of the motherland and destroy national unity. Such materials shall be firmly banned and violators shall be dealt with in accordance with the law, depending on the seriousness of the case.

5. In conducting Buddhist activities at all religious sites, people shall be patriotic, love their religion, protect public property, and preserve public law and order. Weapons, deadly weapons, and inflammable and explosive materials shall not be taken into a religious site. Serious violators shall be punished in accordance with the law.

6. Market management shall be strengthened and market order maintained. During the Spring Festival, Tibetan New Year, and the Tibetan Buddhist grand summons ceremony, the commercial, restaurant, and service sectors, be they owned by the state, a collective, an individual, or sector, shall not drive up prices. They shall improve service quality and service attitudes and provide warm and attentive services to the vast numbers of monks, laymen, cadres, and workers.

7. All cadres, workers, and people on duty shall conscientiously respect national customs and habits and the freedom of religion of monks and laymen. They shall not enter religious sites at will, let alone interfere in legitimate religious activities.

8. The prevention of fire, theft, and poisoning shall be stepped up and a firm struggle shall be waged with evil doers and evil deeds. Those who take the initiative to inform against and report violators to the authorities and

those who conceal the facts shall be rewarded and punished, respectively, depending on the circumstances of the case.

9. People who threaten state workers with physical violence and obstruct them in the execution of their duties under the law shall be held legally liable by public security and judicial authorities.

This proclamation shall go into effect on the date of issue.

Notice No 1
40050246 Lhasa XIZANG RIBAO in Chinese
8 Mar 88 p 1

[Notice No 1 of the Lhasa Public Security Bureau issued on 6 March 1988]

[Text] On 5 March, a handful of splittists took advantage of the Lhasa Buddhist grand summons ceremony to deliberately stage a riot aimed at destroying the motherland's unification and national unity, severely disrupting normal social order. To punish the criminals severely and protect normal social order, we hereby issue the following notice:

1. The perverse acts of a handful of splittists not only violated Chinese law, but also ran counter to religious principles and teaching. The broad mass of cadres, workers, residents, monks, and laymen in the entire city must adhere to the political stance of patriotism, unity, and progress, fully recognize the seriousness of this incident, preserve the motherland's unification conscientiously, strengthen national unity, and firmly wage a struggle with the handful of splittists to the end.

2. All departments, organizations, factories, enterprises, and institutions shall do a good job in security work within their own units, patrolling them in shifts. The defense of critical departments shall be stepped up and strict precautions shall be taken against sabotage by the handful of splittists. The broad ranks of cadres and workers shall stand fast at their production or work posts to ensure that work, learning, production, and business proceed normally.

3. Local police stations, subdistrict offices, and neighborhood committees shall do a good job in security and defense within their own jurisdictions, particularly the strengthening of management over the transient population. When a person of unknown identity is spotted, a report shall be made immediately to the public security and other authorities concerned.

4. All cadres and members of the public in the city are duty-bound to report to the relevant authorities the

presence of suspicious-looking persons of unknown identity. They may seize criminal elements and hand them over to the public security authorities. They are also authorized to conduct proper defensive measures as the law provides.

5. The broad ranks of cadres, workers, and residents shall cooperate closely with public security authorities. On noticing an unusual happening or signs of unrest, any unit or individual shall report immediately to the authorities. In addition, he shall refuse to participate in or support the disturbance or be a spectator and shall leave the scene promptly.

Notice No 2
40050246 Lhasa LHASA RIBAO in Chinese
9 Mar 88 p 1

[Notice No 2 of the Lhasa Public Security Bureau issued 6 March 1988]

[Text] This notice is issued in order to crack down firmly, accurately, promptly, and ruthlessly on the handful of splittists and boldly and unequivocally expose their serious crimes of destroying the motherland's unification and national unity.

1. It is both a citizen's right and his obligation to expose and report the serious criminal behavior of the handful of splittists. All cadres, workers, residents, monks, and laymen shall firmly differentiate themselves politically from the handful of splittists and take the initiative to expose their crimes and thoroughly isolate them.

2. We shall concentrate on informing against and reporting the following: serious criminals who plan, organize, and take part in disturbances; criminals who put up and distribute reactionary leaflets advocating "Tibetan independence," who chant reactionary slogans, and who beat, smash, loot, and burn; members of counterrevolutionary underground organizations; and criminals who participate in illegal rallies and demonstrations.

3. A report may be made orally or in writing until the criminal is directly handed over to the political, judicial, or public security authorities. The government shall protect the right of a citizen to inform against a criminal and expose criminal behavior as the law provides and shall protect the informer's safety.

4. Individuals who take the initiative to inform against and report criminals shall be commended and rewarded. Those who provide important leads shall be highly rewarded. Individuals who conceal what they know of a case, give shelter to or harbor criminals shall be held legally accountable, depending on the seriousness of the case.

Public Security Bureau General Order
40050246 Lhasa LHASA RIBAO in Chinese
10 Mar 88 p 1

[General Order of the Lhasa Public Security Bureau issued 6 March 1988]

[Text] On 5 March, a handful of splittists took advantage of the Lhasa Buddhist grand summons ceremony and deliberately created disturbances aimed at breaking up the motherland and destroying national unity. Their evil deeds run counter to the basic interests of all nationalities in the autonomous region, violate the laws, and constitute serious criminal behavior. The following general order is issued in accordance with the "Criminal Code of the PRC" and the "Law and Order Management and Penal Regulations of the PRC."

1. It is against the law to put up and distribute reactionary slogans and leaflets, chant reactionary slogans, and beat, smash, loot, and burn. Any person guilty of such behavior shall be duly punished in accordance with the law.

2. Only if they wake up and avert disaster at the last moment by realizing their errors and mending their ways can the handful of splittists find a way out. If they mistake the party's and government's attempt to educate and save them for weakness or something to be taken advantage of and continue to do evil, they shall certainly be severely punished in accordance with the law.

3. Splittists who have planned, organized, and taken part in disturbances are ordered to turn themselves in to public security authorities before 20 March. Those who confess their crimes may be dealt with leniently, depending on the circumstances of the case. Those who do not give themselves up to the authorities within the set period shall be severely punished in accordance with the law.

4. All rallies and demonstrations shall take place in accordance with the "Provisional Regulations on Rallies and Demonstrations" issued by the Lhasa People's Government. Otherwise, they shall be deemed illegal and banned by public security authorities in accordance with the law.

5. All citizens shall take a firm stand by unequivocally supporting the preservation of the motherland's unification and the strengthening of national unity. They shall boldly inform against criminals and report all their crimes in accordance with Public Security Notice No 2 of 6 March 1988.

Public Security Order
40050271c XIZANG RIBAO in Chinese 7 Apr 88 p 1

[Lhasa Public Security Bureau General Order (No 4) issued 7 April 1988]

[Text] On 5 March 1988, a small number of splittist elements took advantage of the Great Prayer Festival at Lhasa to again create serious disturbances, plotting separation from the motherland and destruction of the unity of nationalities. They disrupted public order and the normal life of the masses, and caused much damage to the property of the state and of the masses. In order to protect public order and ensure the safety of the people's lives and property, as well as to protect economic construction, the public security organs, according to state law and relevant regulations, took into custody and investigated the key elements who had organized and planned the disturbances, as well as elements who during the disturbances committed such serious crimes as beating, smashing, looting, burning, and killing, and also counterrevolutionary elements caught in the act of writing, putting up, distributing, and sending out counterrevolutionary posters, leaflets, and letters. Awed by the power of the people's democratic dictatorship, and due to exposure and denunciation by the masses, some criminal elements voluntarily surrendered to the public security organs, to be treated leniently. However, there is an extremely small number of splittist elements who will not willingly admit defeat. They continue to band together, persist with secret activities, put up and distribute counterrevolutionary posters, leaflets, and send out counterrevolutionary letters, fabricate rumors to mislead people, and engage in sabotage. This Bureau again issues a stern warning to the small group of splittist elements to stop all criminal activities. All who still have the audacity to again foment disturbances, engage in splittist activities, will certainly be subdued. The organs of people's democratic dictatorship will certainly, according to law, strictly punish all criminals who organize, plan, or participate in disturbances. Anyone who does not heed this warning will have himself to blame for the consequences. This is a general order. Public Security Bureau of the City of Lhasa 7 April 1988 9808

NORTH REGION

Handan Prefecture Uses Competition in Personnel Selection
40050233 Beijing RENMIN RIBAO in Chinese
5 May 88 p 3

[Text] Hebei Province's Handan Prefecture has used open competition, election of outstanding personnel to office, and graded appointments to introduce the competition mechanism to its personnel system in enterprises, institutions, and party and government organizations. This has inspired its personnel, brought into play the initiative of all personnel at all levels, and sped up the growth of the productive forces.

Handan Prefecture's 13 counties are an economically undeveloped region. The many drawbacks of its former personnel system were a major cause of this backwardness. In a joint meeting at the end of 1986, the Handan Party Committee and Administrative Office decided to find a way out through reform.

Their specific course of action was as follows:

Three methods were used to recruit enterprise personnel, i.e., open elections, direct appointments, and contract management. Open elections were held under conditions of equal opportunity, with job advertisements being publicized and outstanding managerial talent being selected. After public debate, enterprise staff members and workers voted, engaged in democratic discussions with their leaders, determined the winners, and signed them to contracts. Direct appointments were made after relevant departments drew up and publicized job qualifications and management goals within enterprises. Existing groups who dared to take on the jobs signed contracts and resumed their appointed tasks. This was called the introduction of "internal competition," and is completely different from the appointment system. It not only stipulates management goals, duties, and deadlines, but also redefines the relationship between government and enterprise leaders through contracts. Contract management used bidding on contracts to transfer an enterprise's personnel to the management of contractors in other units or areas who had won the bids. The contracts stipulate management goals, jurisdiction, and deadlines.

The major goals that were set for recruiting institution personnel were social results and contributions to the

growth of the institution, and the major job qualifications were specialization and the ability to cooperate. Personnel were usually elected from within the institution, and contract relations usually involved documents of responsibility without the signing of contracts.

The method used to recruit personnel for party and government organizations was elections to terms of office, similar to that used for enterprise and institution personnel. Personnel in the departments in charge of prefectural and county-run industries, i.e., the former administrative offices, were directly appointed or dismissed according to the election method that was used for enterprise personnel. Administrative office personnel who had been appointed or dismissed by the Standing Committee of the National People's Congress resumed their duties according to legal procedure after being elected. Personnel were appointed or dismissed through elections only after they had emerged as candidates through competition.

The introduction of the competition mechanism to the personnel system has achieved remarkable results. It has opened up the election option, eliminated the "determination of qualifications based on seniority," and enabled much outstanding talent to emerge. After the publication of each job advertisement, the groups and individuals who responded were very enthusiastic and provided plenty of room for choice. This was something that the traditional selection process had been unable to accomplish. A survey shows that less than 0.2 percent of the 3,426 leaders who were elected throughout the prefecture have proved to be unqualified.

12267

Editorial Reviews Country's Trade Talks With U.S.

40060272 Taipei CHING-CHI JIH-PAO in Chinese
3 May 88 p 2

[Editorial: "A Reflection on Sino-American Trade Consultations"]

[Text] The first Sino-American trade talks of this year—the content, process, and results of which this newspaper reported in detail—concluded several days ago. The two sides maintain somewhat different views on the results of the talks. But as for what actually transpired, we would like to consider some of the economic and political issues that the American demands reflect.

The first issue is how to effect economic liberalization. In bilateral trade talks in recent years, the United States has demanded nothing else but an opening of our domestic markets and protection of intellectual property rights and has become more insistent in these demands as our trade surplus with their country grows. Since our negotiators are often accused of caving in to the United States whenever they make big concessions, they naturally feel much pressure during the talks and sometimes become so worried about winning or losing negotiating points that they focus too much on minor details and ignore the broader issues.

But let us look at the matter from a different perspective. The fundamental changes that have occurred in our economy have become increasingly salient in the past several years, the basic principles of economic liberalization and internationalization were adopted in response to this transformation and to create new opportunities, and government financial and economic leaders have repeatedly declared that these principles represent the direction in which we must advance. Some of the demands the Americans have raised are consistent with our policy of liberalization, and the principles they have stressed do not conflict with our developmental direction. So if we can coordinate these demands with our own needs, going along with and accepting the demands will not only promote harmonious development of Sino-American trade relations but will help accelerate liberalization of our economy. Regrettably, however, government leaders, although fond of parroting the pet phrases of liberalization and internationalization, have failed to make the effort to draw up a time table for the programs, have not done a thing to accelerate revision of relevant laws and regulations and thus have failed to take advantage of the situation to increase their bargaining chips and consequently almost always find themselves in a passive and difficult predicament in the talks.

The second issue involves reconciling the interests of the various sectors of our economy. Maintained for any length of time, duty rates, import controls, business restrictions and even copyright policies are bound to spawn certain vested interests and, due to interlocking relationships, even secondary vested interests. The

American demands for opening our markets and protecting intellectual property rights disrupt our status quo and thus are a threat to groups with vested interests, who naturally use various means to pressure the government to protect those interests as much as possible. Even so, to ensure that the trade talks go smoothly and to promote economic liberalization, we must make some concessions to American demands every year. And it is generally better if we assess the losses each concession might engender before we go to the negotiations and make those concessions that are least costly our bargaining chips. Neither government negotiators nor groups with vested interests can deny these facts.

But reducing losses is actually only half of the equation. The opening of domestic markets and the protection of intellectual property rights, which are required to promote economic liberalization, both yield certain benefits, the former increasing competitive efficiency and the latter giving our people incentive to innovate and invent. Each concession will produce different benefits, so we must factor these into the equation and choose the concessions that yield the smallest net losses and the greatest net gains. That is the most rational approach. But since the government has never taken advantages, benefits and gains into account, the struggle among domestic interest groups has intensified. The recent farmer problem is not unrelated to this issue.

The third issue concerns investment opportunities for our citizens. Economic growth always creates larger markets and broadens profit-making opportunities. For many years, American trade negotiators have consistently fought to enable American businessmen to share in the wealth of our markets, and this has created great pressure on our citizens. Due to a number of complex factors, the government has long restricted participation in some of our industries. And if, as a result of American pressure, we open these industries to Americans yet continue to limit participation by our citizens, this will deprive our citizens of the opportunity to invest in, participate in and develop such industries and will enable Americans to use their capital resources and experience to increase their share of our markets at the expense of our citizens. The most important example of such industries is banking. Especially crucial is the fact that we have an excessively high savings rate and a glut of capital for which we can find no proper outlet. These problems will be exacerbated if we let foreigners increase their shares of our markets. So in opening up to the outside world, the government should give priority to providing investment opportunities for our citizens so as to increase the competitiveness of local enterprises vis-a-vis foreign firms.

In summary, our economy is undergoing a transformation, and change is the driving force that propels economic development. If, beyond resisting the economic and trade demands of the Americans, government officials can reexamine and effect needed readjustment in

our country's economic policy, that would help reduce pressure and promote development of our country's economy.

12431

CPC Faces Dilemma of 'Dual Recognition' or 'Taiwan Independence'

40050245a Taipei TZULI WANPAO in Chinese
15 Apr 88 p 2

[Article by Yeh Lingfang [0673 0134 5364]: "Make The CPC Choose Between 'Dual Recognition' and 'Taiwan Independence'"]

[Text] Concerned about the country's diplomatic situation, some opinion leaders in the nation recently proposed publicly and in private that Taiwan uses the clamor for Taiwan independence at home as a bargaining chip to compel the CPC to choose between "dual recognition" and "Taiwan independence." It bears watching what change the clamor would produce on both sides of the Strait.

Because of the great disparity in diplomatic strength between those on either side of the strait, the CPC, from its overwhelmingly superior position, gradually has driven Taiwan into a diplomatic tight spot. In the present diplomatic situation, all Taiwan can do is to withdraw one embassy after another, totally unable to strike back. Meanwhile, talk about Taiwan independence has grown louder and louder. Faced with these two developments, Legislative Yuan member Chien Hancheng, [4675 3352 3932], who was elected by overseas Chinese, not only criticized the Chinese Communist tactic of isolating Taiwan internationally for abetting Taiwan independence sentiments when he addressed Deng Xiaoping and Zhao Ziyang last month in the Legislative Yuan, but he also warned the CPC authorities that if it persists in depriving Taiwan of its right to participate in the international community, it will be condemned by history for fostering the Taiwan independence movement.

Tsai Cheng-wen [5591 2398 2429], head of the Political Science Department at Taiwan National University, also pointed out at a hearing on foreign affairs before the Legislative Yuan yesterday that based on Central News Agency reports, it is estimated that the Chinese Communists will earn \$1.2 billion in foreign exchange each year from the influx of Taiwan visitors since Taiwan began allowing its people to visit relatives on the mainland last November.

Tsai Cheng-wen said that with this kind of "indirect" economic aid, Taiwan should be able to demand that the Chinese Communists pay a price—loosening its diplomatic strangle-hold on Taiwan. If the CPC refuses, "no problem. We still have the Taiwan independence movement. Let's see whether they pick dual recognition or Taiwan independence." Huang Huang-hsiung [7806

3552 7160], a member of the Legislative Yuan from the Democratic Progressive Party, made similar suggestions at the hearing yesterday afternoon. He told reporters in private, "It is up to the Chinese Communists to pick the lesser evil between 'dual recognition' and 'Taiwan independence.'"

People with this point of view can be found in the ruling party as well as the opposition party. Their views on this matter are worthy of attention and study.

12581

Public Letter to Chang Hsien-yl Condemns Defector for Betraying Nation

40050245b Taipei TZULI WANPAO in Chinese
3 Apr 88 p 9

[Article by Shih Cho-chun [2457 0587 5028]: "Bleak Future Predicted For Defector"]

[Excerpt] Colonel Chang,

Do you know?

Ever since Major General Cheng Yi-ming [4453 0001 7686] of the Intelligence Bureau of the Ministry of Defense defected to the Chinese Communists with secret documents on 13 December 1964, I have lost confidence in senior KMT officials in charge of security. Since Ma Pi [7456 3880], the former head of the Department of Revolutionary Theory at the Political War College who had attacked democracy fighters most ruthlessly, returned to the mainland, I have not recovered from my "revolutionary headache." Since Li Ta-wei [2621 1129 4850], role model and national military hero, "drifted off course," I can see only "cowards," not "heroes." Since Wang Hsi-chueh [3769 6932 3635], winner of a blue sky and white sun medal, flew to the mainland in a China Airlines plane emblazoned with the national logo, I no longer believed there were "loyal and steadfast" KMT members.

Now that you have disappeared, without any warning whatsoever, Legislative Yuan members from both the KMT and Democratic Progressive Party [DPP] have jointly criticized the "good-for-nothing" intelligence system which costs NT15 billion dollars each year in hard-earned taxpayers' money.

In the past, I used to believe the warning by the ruling party that the Chinese Communists would use force against Taiwan because of the "Taiwan independence" movement. That is why I did my utmost to oppose the movement for fear of offending the Communists and not being allowed to live in temporary ease and comfort in one corner of the nation with CPC "acquiescence."

Only now did I learn through the press that the CPC will also strike first to gain the upper hand if Taiwan possesses nuclear weapons.

Fortunately, our far-sighted political leaders, knowing that Taiwan would not survive a retaliatory nuclear attack by the Chinese Communists, have stated time and again that Taiwan would not produce nuclear weapons. Thus if you ran away this time with vain hopes of giving fabricated evidence and vying for the 1988 Nobel Peace Prize with Mordechai Vanunu, Israel's peace hero and nuclear engineer, I suggest you forget it.

When I read the statement by the U.S. State Department that Taiwan has no nuclear weapons and imagined the CIA director's face misshapen with anger, I could not help clapping and laughing. It took a lot of U.S. taxpayers' money to make you an American informer. Now that it has proved to be a "waste of effort," it would be strange if President Reagan does not give him a sharp dressing-down.

You seek power and wealth by betraying your country, yet fail in your goal to vilify it. How are you going to face people (including your master) in the future?

Chiang Nan was accused of "colluding with the bandits." This aroused the "patriotism" of the gangsters in Taiwan so much that they traveled a thousand li to America on 15 October 1984 to "teach him a lesson," thereby making the "big boss" famous all over the world and proving that the Taiwan intelligence bureau had succeeded in steering the factions onto the right path and that public morale can be put to use. Could it be that you do not know the fate of those who betray "party and country?"

12581

Noted Columnist's Assessment of KMT Rule
40050245d Taipei TZULI WANPAO in Chinese
11 Apr 88 p 2

[Article by Wu Feng-shan [0702 0023 1472]: "KMT's Lackluster Political Record"]

[Excerpts]

1.

In the 43 years in which it held power in Taiwan, the KMT has made many mistakes and practiced much deception.

For instance, we pledged not to mount an attack across the sea when Yeh Kung-chao [0673 0361 6389] signed the joint defense treaty. Incited by official dogma, however, the masses, idiot-like, kept chanting "counterattack the mainland" for over 30 years.

Democratic politics is the ideal form of politics. Yet the government, using all sorts of specious arguments, imposed martial law and a party ban for more than 30 years.

In yet another instance, while the idea of human rights resounded throughout the world, we, under a one-party dictatorship, overlooked the dignity of some fellow countrymen, wrongly accused many good people, and handed down numerous unjust verdicts.

Today, under a cloudless sky, all this has been righted. The great awakening of the people, which occurred overnight, suddenly made everybody feel that we were wrong before and are now right. Now that past ugliness has revealed itself, we can all realize how precious true knowledge is.

2.

While history is often made in the course of errors, in the end the truth must be known. The mistakes made by the KMT and ROC in the past will be exposed at an appropriate time along with what they have done right. Dogma and cover-up are transient. Only the truth lasts.

In other words, when the people see the light and the situation clears up, every little detail of the KMT's conduct, including its arbitrariness and mistakes, its economic construction achievements in Taiwan, and the pains it took to bring about universal education, will all be subject to the rigorous scrutiny of history.

Generally speaking, this writer believes that as far as building national harmony is concerned, the KMT has flunked the test. Under democratic construction, it would have gotten 20 points at best but for what the late President Chiang Ching-kuo did before he passed away. Under economic construction, it barely squeaked through since it tolerated environmental pollution and delayed labor welfare measures. Under international relations, it would score below 60 if we leave aside the benefits in international intercourse brought about by the country's wealth. Certainly there is no way we could rate the KMT's political record too highly when the party saw it fit to say "democratic constitutional rule must be adhered to" or "an understanding of unusual times is indispensable" if it suited it, even when what was involved was written in black and white in the constitution.

3.

If the KMT, which has long dominated the political scene, does not completely turn its back on its theory of "government by tutelage," it will hardly be able to avoid the fate of being swept away by the tide of history.

I must say that the KMT has had its way too long. Times have changed and the people do not think the way they did. If the KMT does not fully understand the notion that "absolute power corrupts absolutely," corruption will certainly eat away its foundation in the end.

I must say that if the KMT cannot face democracy with democratic means, it will be cast aside by the people.

What the masses want is political democracy, economic prosperity, and social justice.

4.

As political individuals and members of political organizations, the masses must examine their conscience and ask themselves honestly, "Am I loyal to the state, to society?" every time before they say or do something.

12581

KMT Asked Not To 'Conduct Propaganda for Bandits'

40050245c Taipei TZULI WANPAO in Chinese
12 Apr 88 p 2

[Text] Just as the Legislative Yuan was about to begin its review of the state budget recently, a film on amphibious landing exercises on Hainan Island by the Chinese Communists, made available by the Ministry of Defense, was aired on national TV. Some people suspect that this timing coincidence was planned by the Ministry of Defense to win public support and pave the way for a smooth passage for the defense budget.

We realize that in democratic countries under the rule of law, government departments always use all sorts of methods to maximize their budget appropriations. This is a normal practice throughout the world. What is rare is to show off one's enemy's military strength as a way of beefing up one's budget.

Similar things have happened before. Not long ago, for instance, the government announced that 3,000 Chinese fishing boats were gathering in the waters off Minjiang, their movement uniform, and that they seemed to be taking part in a military exercise at sea under the command of the CPC's Fuzhou Military Region. What the government forgot was that the CPC abolished its Fuzhou Military Region at an "enlarged meeting of the Central Military Commission" back in June 1985. How could a nonexistent military unit command a military exercise?

This improper form of propaganda by the government tends to be counterproductive in many ways and creates a serious "confidence crisis," which is of two types. One type has the people believing, wrongly, that the Chinese Communists are militarily powerful and therefore losing confidence in Taiwan's security. In the other type of "confidence crisis," people realize that the data in government announcements are false and hence will not believe any official information, thinking that it is only "crying wolf." If everybody holds this attitude as he explores Taiwan's security matters, the results could well prove unfavorable to Taiwan's stability and development.

We hope that the government realizes that CPC hostility and menace to Taiwan do exist and are felt by a majority of the countrymen. Thus all it has to do is report the CPC's military moves as they are. Under no circumstances should it "conduct propaganda for the bandits."

12581

Editorial on Railroad Engineers' Labor Dispute

40060284 Taipei LIEN-HO PAO in Chinese
3 May 88 p 2

[Editorial: "Bargaining for Labor Rights and Privileges Must Give Consideration to Society's Welfare"]

[Text] The Taiwan Railroad Engineers' Association, in its fight for more privileges for its members, and after talks with the Railroad Bureau broke down, called a "mass holiday leave" on May 1, the International Labor Day, to demonstrate its determination to fight for a reasonable share of rights and benefits for the railroad engineers. This was the first time in the Railroad Bureau's 101-year history that the north-south traffic was paralyzed by an engineers' mass walkout. It is estimated that 360,000 travellers were affected, and the Railroad Bureau itself lost close to 30 million dollars.

We have always maintained that labor rights should be respected, and we support the railroad engineers in their fight for salary adjustments, the inclusion of commuter time in overtime pays, and the right to participate in the revision of the work schedule, even though the last issue has broad ramifications, because it involves changing the present 2-shift system into a 3-shift system, and requires the hiring of an additional 3,000 or so workers, something the Railroad Bureau cannot afford at this time. But on the whole, the issues can be resolved, and improvements can be made gradually, year by year. We feel that all the demands are reasonable, and we lend our full support. However, the mass walkout by the railroad engineers on the International Labor Day not only demonstrated the significance of labor rights, but also clearly showed that labor demands must also be considerate of society's welfare. The rights and benefits of the railroad engineers are important, and their demands are reasonable, but halting rail services was a major disruption and disturbance, and caused a lot of damage to society. This is something all labor movements must promptly reconsider and avoid. Think of the losses, in time and money, suffered by the 360,000 travellers, and the loss in social benefits because of the halting of train services. The total loss exceeded by far the 30 million dollars suffered by the Railroad Bureau.

Secondly, the Railroad Engineers' Association declared vehemently that the "mass holiday leave" was legal, and officials in the labor movements agreed, but we feel that there is more to the issue. We feel that the operation of public agencies affect the interest of the general public, and while it is legal for workers in those agencies to take turns, and get time off on holidays, a "mass holiday

leave" which causes the operation to shut down, and causes damage to the general public is a matter which must be carefully assessed. Besides, measures of protest such as taking leave en masse or calling a work stoppage should be used in graduated steps, and the final measure of a strike should not be taken lightly. If the Railroad Engineers' Association calls a mass walkout just because of the above issues, in the future, if there are more pressing rights and privileges or more urgent issues which it wants to fight for or protect, what measures will it take to demonstrate their urgency and significance?

Furthermore, we feel that the Railroad Bureau and the Taiwan Provincial Department of Transportation were partly responsible for this halting of train services. The railroad engineers' labor dispute began some time ago, and during the "29 March" incident, more than 400 engineers had walked off their jobs, but why had the authorities waited until the end of April to seriously consider the salary issue? Besides, Zhang Shoucen [1728 1108 1478], Chief of the Railroad Bureau, had agreed, on 26 April, before the Transportation Committee of the provincial congress, to deliver an adjustment program within 3 days. But on 29 April, when representatives from the Association went before the congress, no congressional member or representative from the Railroad Bureau was present. Of course, there is no excuse for this total absence of coordination, even though congress was not in session. Since they had promised that an adjustment program would be delivered in 3 days, they should not renege and go into hiding, and caused the inevitable strike. This clearly demonstrated the Railroad Bureau's lack of ability to coordinate its actions, and its lack of sincerity in fulfilling its promises to the labor movement. These indeed are defects which private employers and public agencies must guard against, and something they should improve on in dealing with future labor movements.

This incident of the mass holiday leave taken by the railroad engineers also exposed the defect of the uniform application of basic labor laws to all trades and businesses. The Railroad Bureau and other public agencies such as telecommunications, postal service, water and electric utilities affect the livelihood of the general public, and if they call a mass walkout whenever they feel like it, society will be crippled. The reason the railroad engineers insisted that they had the right to call a general holiday was due partly to the uniform application of the labor laws. We hope that after carefully reviewing the enforcement of those laws, the Labor Commission of the administrative court will promptly revise the relevant clauses, and promulgate reasonable regulations applicable to the public agencies, and avoid another unfortunate incident such as the one on Labor Day. All public utility units should promptly perfect a work schedule, and establish appropriate contingent measures to handle situations where a large number of workers take time off or go on strike, and prevent labor movements from jeopardizing the welfare of the general public.

In short, we hope the halting of rail services on the International Labor Day made the labor movement more conscious of the necessity to give consideration to the welfare of society, and take more rational and gradual measures to settle disputes, and avoid jeopardizing the welfare of society as a whole. The Railroad Bureau and all other public utility units should also be better coordinated, and be prepared for emergencies in dealing with labor movements. Basic labor laws, in particular, must be amended to cope with the unique nature of the public utilities. We hope that in the future, all labor movements would try to facilitate the modernization of society, and benefit society too, when they fight for the good of the workers.

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